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State's Economy Shapes Up in September

The Pennsylvania economy got back on track in September after a slight summer setback. But economic growth was again concentrated in the service sector while manufacturing industries underwent further structural changes.

Both composite indexes of the state's economy rose in September. The leading index rose a slight 0.1 percent, after falling a revised 0.9 percent in August. This index, which typically signals future changes in the direction of economic activity, has been oscillating during the past twelve months with a small positive net gain.

The composite index of coincident indicators rose 0.5 percent, following declines of 0.9 percent and 1 percent in July and August, respectively. The performance of this index during the third quarter was greatly influenced by movements in total employment.

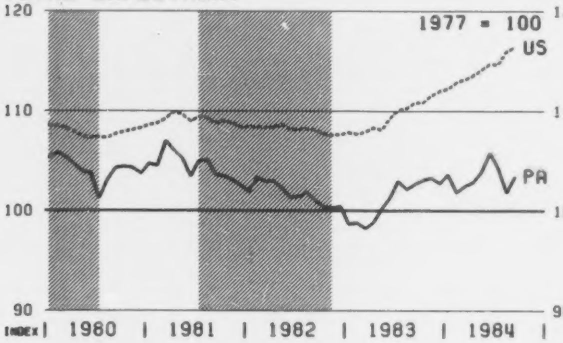
The seasonally adjusted level of employed state residents, one of three components of the coincident index, rose in September after falling in both July and August. September's increase supported the presupposition made last month that the disproportionately large drop in August's employment level was due to inadequate seasonal adjustment.

The reference week of the U.S. Bureau of Labor Statistics' Current Population Survey from which these data are derived was later than usual in August. The survey is conducted during the week that contains the twelfth of the month. In August, it was conducted the week of the twelfth through the eighteenth, by which time many students had left summer jobs to return to school. The seasonal adjustment factors, which are based on historical experience, thus undercompensated for this phenomena in August and overcompensated for it in September.

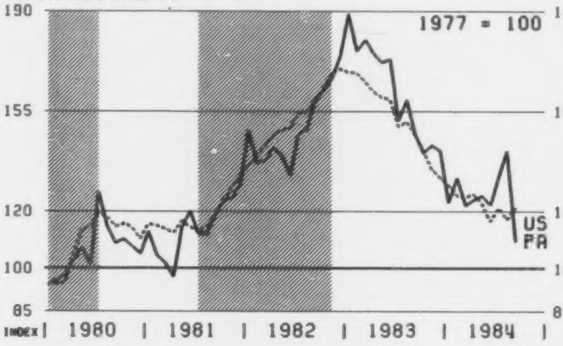
Nevertheless, a comparison of quarterly averages, which eliminates these biases, shows some deterioration of employment conditions in the July-September quarter. Employment levels were down 1 percent, and the unemployment rate rose to 9.9 percent from second quarter's 9 percent.

But because leading employment indicators remained hearty, total employment should grow modestly during

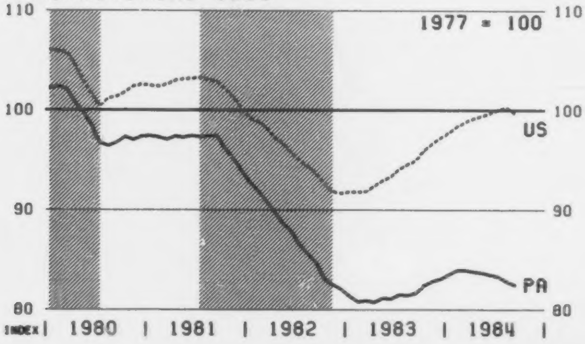
TOTAL EMPLOYMENT



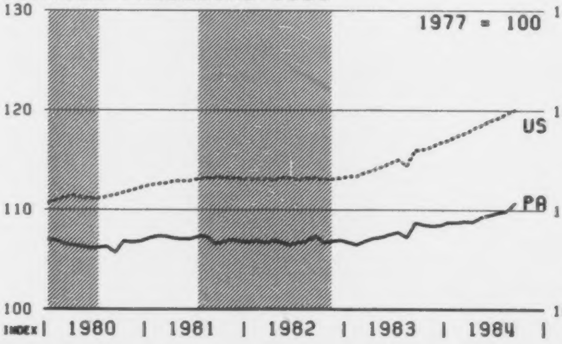
UNEMPLOYMENT



MANUFACTURING JOBS



SERVICE-PRODUCING JOBS



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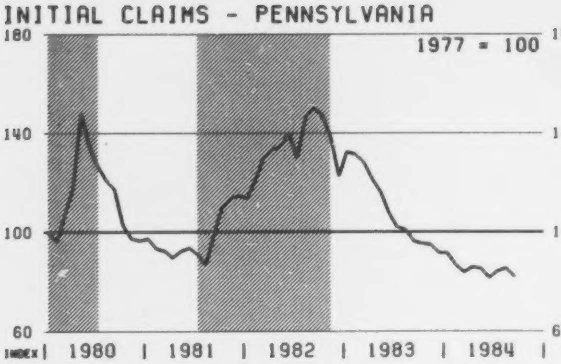

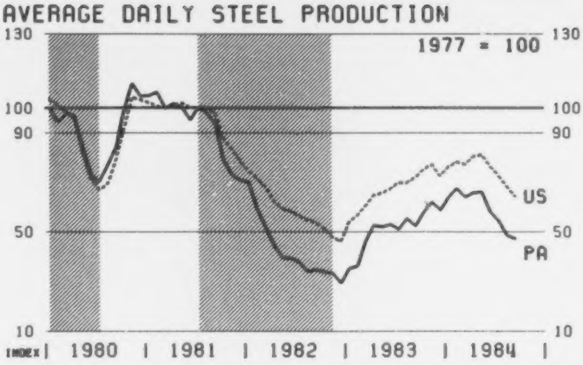

the current quarter.

One of these indicators, new claims for unemployment compensation, dropped below 100,000 for the first time since September 1978. The seasonally adjusted level of initial claims was only 82 percent of the level prevailing in 1979 before the two most recent recessions.

The vitality of the economy differs markedly by sector. The service-producing sector employed a record number of workers in September. Employment in all major industry groups in this sector, except transportation industries and state and local government, exceeded pre-recession levels, and many industry groups

Economic Activity in Pennsylvania	1984 Aug.	1984 Sept.	1983 Sept.	Seasonally Adjusted Indexes (1977 = 100) 1984 Aug.	1984 Sept.	1983 Sept.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,631.*	4,644.	4,569.	101.0*	101.1	99.5
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,506.*	3,520.	3,458.	108.6	108.9	106.9
Manufacturing						
No. of wage and salaried jobs (thous.)	1,119.*	1,117.	1,106.	82.8*	82.4	81.7
Ave. wkly. hrs. worked by prod. workers	39.9*	40.0	39.9	101.2*	100.9	100.7
Total wkly. person-hours worked (mils.)	30.8*	30.9	30.3	79.8*	79.7	78.0
Total wkly. payroll (mil. dols.)	286.5*	290.9	272.5	127.3*	127.9	119.8
Steel production (thous. tons)	953.*	950.	1,056.	48.	47.	52.
Industrial electric power sales (mil. kwh)	3,683.	3,579.	3,571.	100.	95.	95.
Mining						
Anthracite coal (thous. net tons)	458.	402.	387.	79.	86.	79.
Bituminous coal (thous. net tons)	6,731.	n.a.	5,820.†	88.	n.a.	76.†
Construction contracts awarded (mil. dols.)						
Total	529.9	572.7	548.3*	139.	172.	157.*
Residential building	257.2	206.3	223.1*	133.	130.	128.*
Other building	164.4	275.3	210.9*	144.	260.	189.*
Nonbuilding (utilities and public works)	108.2	91.1	114.3*	142.	121.	168.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,045.	5,018.	4,979.	101.9	103.4	102.7
Unemployed						
No. of persons (thous.)	538.	479.	551.	141.2	109.5	147.0
Rate (percentage of labor force)	9.6	8.7	10.0			
Rate, seasonally adjusted	10.4	9.5	10.8			
Civilian labor force, no. of persons (thous.)	5,583.	5,497.	5,530.	104.9	103.9	106.1
Initial claims for unemployment benefits	104,100.	91,693.	114,341.	85.3	82.0	96.1

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 Aug.	1984 Sept.	1983 Sept.	Percentage Change Month Ago	Year Ago
U.S. city average	313.0	314.5	301.8	+0.5	+4.2
Philadelphia	302.9	303.9	291.4	+0.3	+4.3
Pittsburgh	319.1	n.a.	310.2†	n.a.	+2.9
Northeast PA	n.a.	298.2	287.2	n.a.	+3.8

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.

[1] Total includes workers on strike. * = figure revised † = figure for August 1983 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
February 1984	104.2	89.2	1.2	0.1
March	103.9	88.6	−0.3	−0.7
April	103.9	89.1	0.0	0.6
May	104.4	89.5	0.5	0.4
June	104.1	90.1	−0.3	0.7
July	104.4	89.3	0.3	−0.9
August	103.5	88.4	−0.9	−1.0
September	103.6	88.8	0.1	0.5

were operating at record highs.

Employment in transportation industries remained more than 17 percent below the 1979 average. Over half of the 32,000 fewer transportation workers were cut from payrolls of the state's railroads. The railroad industry has been mired down by depressed shipments of steel and coal.

In contrast to industries in the service-producing sector, major industry groups in Pennsylvania's goods-producing sector employed fewer workers and were operating at levels below those prevailing before the recent recessions. After seasonal adjustment, durable goods manufacturing industries employed 24.8 percent fewer workers in September than in 1979, nondurable goods factories employed 12.9 percent fewer, mines 26.5 percent fewer, and construction industries 15 percent fewer workers.

Seasonally adjusted manufacturing employment inched down in September for the sixth consecutive month while the average length of the factory workweek was little changed. Total person-hours worked, the broadest measure of labor effort, fell a slight seasonally adjusted 0.2 percent in September, following a more substantial 1.5 percent drop in August.

One of the major industry groups holding back the manufacturing sector is the steel industry. Steel production in the state fell to its lowest seasonally adjusted level since March 1983. However, the 2.9 percent drop in September was the smallest in the four straight months of decline.

Pennsylvania, historically the nation's leading steel-producing state, accounted for only 14.9 percent of total U.S. steel production in September while 18.8 percent was produced in Ohio and 17.9 percent was produced in Indiana.

Employment levels in Pennsylvania's primary metals industries have also been declining. In September, 122,500 workers were employed in this industry group, down from the latest peak of 130,100 workers in May and June. Although the monthly declines are nowhere near the sharp drops experienced during the recession, they are being made from a much reduced level; in 1979, an average 204,100 workers were employed in the state's primary metals industry group.

The level of industrial electric power sales reflected the slump in the steel industry, a major user of electric power. The seasonally adjusted level of sales fell 4.7 percent in September to its lowest level since October 1983. It remained 13.2 percent above the recession low of December 1982 but was 11.4 percent below the level prevailing in 1979.

The latest decline in employment in Pennsylvania's mines, which began last February, was curtailed in September, as the seasonally adjusted level rose 0.3 percent. Production of anthracite coal in the first three quarters of the year was running 26 percent ahead of the level in the same period last year while 23.1 percent more bituminous coal had been mined in the state in the first eight months of 1984 compared to the first eight months of 1983.

Pennsylvania's construction industry revived somewhat in September after two slow summer months. The seasonally adjusted employment level in the building industries rose 1.4 percent after little change in July and August. At the same time, the seasonally adjusted value of total contract construction awards rose 23.9 percent, following drops of 13.8 percent in July and 16.6 percent in August.

September's increase was fueled by nonresidential building awards, which rose 80.7 percent in value after seasonal adjustment. The value of these awards has trended up since the beginning of the year, with the larger gain in the eastern half of the state.

The values of residential building awards and nonbuilding awards both fell in September. But the cumulative nine-month totals for the year were running ahead of last year by 18 percent and 45 percent, respectively. Nonresidential building awards in the first nine months of the year were 39 percent ahead of the nine-month total last year.

The third-quarter slowing in economic growth helped keep the lid on inflation. The consumer price index for all urban consumers, before seasonal adjustment, rose 0.5 percent in September and was 4.2 percent higher than a year earlier. The September increase was paced by a 1.1 percent jump in gasoline prices and a slim decline of 0.1 percent in food costs.

In the Philadelphia area, local retail prices rose 4.3 percent from September 1983, nearly matching the national average. Pittsburgh, with a more sluggish economy, experienced a smaller 2.9 percent rise in consumer prices.

— Norma I. Gavin

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Around the State

Southeastern Quarter

Harrisburg

The Harrisburg area economy continued to expand in the July-September quarter, but there were signs that the expansion was cooling off.

More area residents were employed last quarter than in any previous quarter. However, the quarterly increase was slightly less than the usual seasonal rise. Therefore, the seasonally adjusted level of total employment fell a small 0.3 percent.

At the same time, the seasonally adjusted unemployment rate rose to 5.7 percent from 5.4 percent in the second quarter. But it was far below the average quarterly jobless rate for the state and was only 0.1 of a percentage point above Lancaster's third-quarter rate, which was the lowest among Pennsylvania's metropolitan areas.

The seasonally adjusted total number of nonfarm industry jobs in the area recorded a new high last quarter. Among the 229,700 workers employed in these industries, 82 percent were on payrolls of nonmanufacturing establishments. The nonmanufacturing job level rose a seasonally adjusted 0.8 percent in the third quarter, registering a new all-time high.

The seasonally adjusted number of manufacturing jobs in the Harrisburg area also rose. But the 0.2 percent increase was the smallest in the six straight quarters of growth in this sector.

Furthermore, factory workers were working shorter hours. The seasonally adjusted number of hours worked by production workers in the area's manufacturing industries fell to 39.7 hours from 40.5 hours in the second quarter and a high of 41 hours in the first quarter. A shorter workweek relieves pressure on businesses to hire more employees.

Sales of electricity to industrial users, which reflect short-run changes in industrial output, continued to grow in the third quarter. The seasonally adjusted level of sales advanced 3.3 percent but remained more than 10 percent below the 1979 average.

Business spending in the area, as reflected in construction contracts, was way up. The total value of nonresidential building awards in the first three quarters was almost four times the level in the first three quarters of last year. Local businesses are banking on a bright future for the Harrisburg area.

Harrisburg Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	236.2	115.	115.	113.
Unemployed, no. of residents	13.3	116.	108.	130.
Rate, seasonally adjusted	5.7			
Civilian labor force, no. of residents	249.5	115.	115.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	231.7	110.	110.	108.
Nonmfg. only, no. of jobs	188.6	112.	111.	110.
Mfg. only, no. of jobs	43.1	106.	106.	101.
Hrs. worked by production workers in mfg., *ave. weekly*	39.8	100.	102.	101.
Industrial electric power sales	***	97.	94.	92.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Quarter Ago	Year Ago
Residential contracts only	31.5	− 22.	+ 9.
Nonresidential bldg. contracts only	111.0	+289.	+865.

[1] Cumberland, Dauphin, and Perry Counties.

Lancaster

The Lancaster area economy remained one of the strongest among the state's metropolitan areas in the third quarter, but the gains were few and small.

The seasonally adjusted unemployment rate rose to 5.6 percent last quarter from the remarkably low 4.8 percent registered in the second quarter. Nevertheless, it remained the lowest among the state's metropolitan areas and was far below the average for the state.

The seasonally adjusted number of area residents fell back a slight 0.4 percent from second quarter's all-time high. It remained 1.6 percent ahead of the level in the same quarter a year earlier.

The 0.7 percent increase in the seasonally adjusted average number of nonfarm industry jobs came short of regaining the 1.1 percent drop registered in the second quarter. However, by the end of the quarter, the record high of 157,500 jobs had been regained.

The recovery in the area's manufacturing sector slowed significantly last quarter. The slight 0.2 percent increase in the seasonally adjusted factory job level was the smallest in the six straight quarters of increase. In addition, the seasonally adjusted average length of the factory workweek was unchanged at 39.8 hours, after dropping from first quarter's high of 40.5 hours in the second quarter.

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	183.7	114.	114.	109.
Unemployed, no. of residents	9.7	129.	112.	144.
Rate, seasonally adjusted	5.6			
Civilian labor force, no. of residents	193.4	115.	114.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	156.7	111.	110.	108.
Nonmfg. only, no. of jobs	98.9	117.	116.	115.
Mfg. only, no. of jobs	57.9	101.	101.	98.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	100.	100.	100.
Industrial electric power sales	***	119.	122.	113.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Quarter Ago	Year Ago
Residential contracts only	40.8	− 16.	+ 9.
Nonresidential contracts only	9.1	+ 86.	+128.

[1] Lancaster County

The July-September quarter also registered the first decline in the seasonally adjusted level of industrial electric power sales since the recession low in the fourth quarter of 1982. Nevertheless, these sales, which fell 1.8 percent last quarter, were almost 6 percent higher than a year earlier and more than 16 percent higher than the level prevailing in 1979, the year before the two most recent recessions.

The area's construction industry continued to gain strength. The value of contract construction awards for commercial and industrial buildings in the first three quarters was running 56 percent ahead of the depressed level of awards last year. The value of awards for residential buildings, which was very high last year, was 31 percent higher in the first three quarters of this year.

Philadelphia

The pace of the Philadelphia area economy slowed in the July-September quarter. However, the slackening was not evenly distributed among the major sectors; the nonmanufacturing sector climbed further along its steady expansion path while the manufacturing sector experienced further setbacks.

The seasonally adjusted number of nonmanufacturing jobs rose 0.7 percent last quarter, marking the eleventh straight quarter of employment gains and a new quarterly high.

At the same time, the seasonally adjusted job level in the manufacturing sector dropped another 0.4 percent and remained 13.6 percent below the level prevailing in 1979.

However, the area is in a good position for growth in the factory sector. The growth in other sectors provides an expanded network of support services for factories.

Furthermore, workers in factories already located in the area are putting in long hours. The average length of the factory workweek rose 0.5 of an hour after seasonal adjustment last quarter. At 40.3 hours, it was at its highest level since the first quarter of 1979. These long hours put pressure on factory employers to increase the work force for any further gains in output.

Philadelphia Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	2,123.4	111.	112.	109.
Unemployed, no. of residents	164.5	94.	85.	105.
Rate, seasonally adjusted	7.2			
Civilian labor force, no. of residents	2,288.6	109.	110.	108.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,969.0	108.	107.	105.
Nonmfg. only, no. of jobs	1,574.6	114.	114.	111.
Mfg. only, no. of jobs	393.5	88.	88.	87.
Hrs. worked by production workers in mfg., *ave. weekly*	40.1	101.	100.	100.
Industrial electric power sales				
Metropolitan area	***	99.	100.	100.
Chester	***	90.	92.	97.
Philadelphia	***	99.	101.	99.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	317.8	+ 0.	+31.
Nonresidential contracts only	306.6	+ 4.	− 9.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Industrial electric power sales were sluggish. The seasonally adjusted level of sales fell 0.9 percent from the previous quarter and was little changed from the third-quarter level one year ago.

The number of employed area residents rose in the third quarter, but after seasonal adjustment, total employment declined. The 1.2 percent drop was the largest among the state's metropolitan areas but was made from a record high in the second quarter.

The seasonally adjusted unemployment rate in the Philadelphia area rose to 7.2 percent in the third quarter from 6.8 percent a quarter earlier but remained a full percentage point below the year-earlier rate and the third lowest among the state's metropolitan areas.

The value of contract construction awards gained little last quarter. Nevertheless, the cumulative total so far this year was 34 percent ahead of the value last year for residential buildings and 31 percent ahead of last year's value for nonresidential buildings.

Reading

The Reading area economy failed to make further progress in the third quarter, but economic activity remained at a historically high level.

The seasonally adjusted number of area residents employed last quarter fell a slight 0.3 percent from second-quarter's record high. At the same time, the seasonally adjusted number of jobless residents rose, and the unemployment rate jumped to 8.1 percent from 7 percent in the second quarter.

Job losses were recorded in both the area's manufacturing and nonmanufacturing sectors, but the losses in nonmanufacturing industries were less than seasonal. Thus, the seasonally adjusted job level in these

Reading Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	153.3	112.	112.	110.
Unemployed, no. of residents	12.1	144.	127.	159.
Rate, seasonally adjusted	8.1			
Civilian labor force, no. of residents	165.4	114.	113.	113.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	141.0	107.	108.	104.
Nonmfg. only, no. of jobs	88.9	111.	110.	108.
Mfg. only, no. of jobs	51.9	102.	103.	98.
Hrs. worked by production workers in mfg., *ave. weekly*	40.1	103.	103.	104.
Industrial electric power sales	***	124.	121.	119.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	20.0	−27.	+ 18.
Nonresidential contracts only	9.7	−58.	+ 35.

[1] Berks County

industries rose for the seventh consecutive quarter and reached a new all-time high.

On the other hand, the area's manufacturing industries suffered more than seasonal employment losses. The seasonally adjusted number of factory jobs fell 1.5 percent from a quarter earlier but was 3.8 percent higher than the level in the third quarter of last year.

After seasonal adjustment, the average length of the factory workweek was unchanged from second quarter's 40.4 hours but was almost an hour short of the longest quarterly average workweek registered in the first quarter.

Sales of electricity to industrial users in the Reading area were also down from a record high in the first quarter. The seasonally adjusted level of sales rose 2.2 percent in the third quarter, which was not enough to fully recapture second quarter's 6.4 percent loss in sales.

The values of contract construction awards for both residential and nonresidential buildings were down in the third quarter. However, the year-to-date totals remained 26 percent and 49 percent, respectively, above the values in the same period a year earlier.

York

Employment conditions strengthened in the York metropolitan area during the third quarter. However, signs of a slowing in growth were evident in the level of industrial electric power sales and the length of the factory workweek.

The number of unemployed area residents rose in the third quarter, but the increase was due to an increase in the number of labor force participants, rather than a decline in employment. The seasonally adjusted number of employed residents rose 0.2 percent to 167,000 workers — only 800 workers less than the all-time high registered in the first quarter of 1980.

At the same time, the seasonally adjusted unemployment rate rose 0.7 of a percentage point to 8.7 percent.

York Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	170.2	112.	112.	110.
Unemployed, no. of residents	15.2	159.	148.	188.
Rate, seasonally adjusted	8.7			
Civilian labor force, no. of residents	185.4	115.	114.	115.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	154.7	109.	107.	105.
Nonmfg. only, no. of jobs	95.6	116.	114.	113.
Mfg. only, no. of jobs	59.0	99.	98.	93.
Hrs. worked by production workers in mfg., *ave. weekly*	41.3	100.	101.	100.
Industrial electric power sales	***	102.	103.	97.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	27.1	−17.	+20.
Nonresidential contracts only	14.5	+17.	+53.

[1] Adams and York Counties

Employment gains were evident in both the manufacturing and nonmanufacturing sectors, with the largest gains in nonmanufacturing industries. The seasonally adjusted number of nonmanufacturing industry jobs rose 1.8 percent to its highest level ever. The number of manufacturing jobs rose a much smaller 0.3 percent after seasonal adjustment and remained more than 11 percent below the average factory job level prevailing in 1979, the year before the two most recent recessions.

Factory job gains have been modest in the York area this year and will continue to be modest. The average length of the factory workweek dropped 0.4 of an hour after seasonal adjustment to 41.2 hours. Therefore, the current work force is no longer as stretched as it was a quarter ago, relieving pressure on employers to increase hiring.

Seasonally adjusted sales of electricity to local industries fell a slight 0.3 percent in the July-September quarter, indicating that industrial output has stabilized for the short term at least.

The value of residential building awards was down for the quarter while the value of nonresidential building awards picked up. The nine-month total value of residential awards this year was 22 percent higher than the value in the same period last year, and the nine-month total for nonresidential buildings was 61 percent higher.

Northeastern Quarter

Lehigh

Last quarter the Lehigh Valley economy continued to undergo major structural adjustments. The area economy has been gradually changing to one less dependent on cyclically sensitive heavy manufacturing.

In the third quarter of this year, only 35 out of every 100 jobs in the area were in manufacturing industries. This compares to 42 out of 100 in 1979, the year before the two most recent recessions. In the state as a whole, only 24 out of 100 nonfarm industry workers were employed in the manufacturing sector while, in the nation, a smaller 21 out of 100 worked in factories.

The seasonally adjusted number of factory jobs declined 0.4 percent in the July-September quarter for the second quarterly decline in a row. The factory job level remained above the recession low but was only 81 percent of the level prevailing in 1979.

At the same time, the seasonally adjusted number of nonmanufacturing jobs in the area rose 0.7 percent, which was the sixth consecutive quarterly increase in these jobs. The level was at its highest point ever and was more than 7 percent above the 1979 average.

Also at its highest level was the seasonally adjusted average length of the factory workweek, which rose 0.2 of an hour to 39.5 hours. The relatively long hours put in by factory workers may be reflecting altered work rules or a different industry mix. In the absence of these changes, the longer hours reflect increased production and puts pressure on employers to increase the work force.

The seasonally adjusted level of industrial electric power sales rose 1.7 percent — more than regaining second quarter's 1.1 percent decline. Nevertheless, sales remained 0.2 percent below the level in the third quarter of last year and more than 5 percent below the 1979 average.

The area's construction industry is still struggling along. Awards for both residential and nonresidential buildings declined in value last quarter. Furthermore, while the nine-month total value of residential building awards was a small 8 percent above the value in the same period last year, the value for nonresidential building awards was 5 percent less than last year's value.

Northeast

The Northeast area economy is distinguished, along with the economy of the Pittsburgh metropolitan area, for making no marked improvement in employment over the year. The seasonally adjusted number of area residents employed in the third quarter was 259,400 workers, approximately where it stood in the third quarter of last year.

However, 2,600 more residents entered the labor force over the year. The failure of the economy to absorb these new entrants caused the seasonally adjusted jobless rate to increase to 12.5 percent from 11.8 percent in the same quarter last year. The Northeast was the only metropolitan area in Pennsylvania with a higher unemployment rate last quarter than a year earlier.

In contrast to other metropolitan areas in the state, growth in the nonmanufacturing sector in the Northeast has been sluggish. In the third quarter, the seasonally adjusted job level in the area's nonmanufacturing industries rose a small 0.3 percent from the second quarter and was only a slight 0.2 percent above the level in the third quarter of 1983.

Lehigh Valley Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	287.3	102.	103.	101.
Unemployed, no. of residents	29.3	147.	128.	165.
Rate, seasonally adjusted	9.8			
Civilian labor force, no. of residents	316.6	106.	105.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	256.4	99.	99.	98.
Nonmfg. only, no. of jobs	166.6	111.	110.	109.
Mfg. only, no. of jobs	89.7	83.	83.	82.
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	103.	103.	100.
Industrial electric power sales				
Metropolitan area	***	104.	103.	105.
Allentown	***	101.	102.	99.
Bethlehem	***	108.	107.	110.
Easton	***	104.	98.	99.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	51.9	– 9.	– 1.
Nonresidential contracts only	29.2	–29.	–43.

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

The seasonally adjusted factory job level fell 0.6 percent in the third quarter, after an equal percentage decline in the second quarter. Nevertheless, the level was 3.1 percent higher than last year's third-quarter average.

There is little pressure on area factories to hire more workers in the immediate future. Factory workers were working the shortest week since the first quarter of 1983. The average length of the factory workweek fell 1.2 hours after seasonal adjustment.

Sales of electricity to industrial users also fell last quarter. The 1 percent decline in the seasonally adjusted level of sales was the first since the recession low in the fourth quarter of 1982.

A glow of hope for the Northeast came from business spending plans as reflected in commercial and industrial building construction awards. The value of contract construction awards for nonresidential buildings rose significantly in the third quarter and the nine-month total value of awards this year was almost three times the value in the same period last year.

On the other hand, the value of residential building awards, which were strong last year, declined in the third quarter and in the first nine months was only 19 percent ahead of last year's nine-month total.

Northeast Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	266.2	104.	105.	105.
Lackawanna County[2] only	94.7	104.	105.	105.
Luzerne County[3] only	142.6	105.	105.	105.
Unemployed, no. of residents				
Northeast metropolitan area	35.6	135.	117.	125.
Rate, seasonally adjusted	12.5			
Lackawanna County[2] only	9.9	108.	102.	115.
Luzerne County[3] only	22.9	152.	128.	132.
Civilian labor force, no. of residents				
Northeast metropolitan area	301.8	108.	106.	107.
Lackawanna County[2] only	104.7	105.	105.	106.
Luzerne County[3] only	165.5	110.	108.	107.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	237.0	101.	101.	100.
Nonmfg. only, no. of jobs	173.7	106.	106.	106.
Mfg. only, no. of jobs	63.2	89.	90.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	37.1	102.	105.	104.
Industrial electric power sales				
Northeast metropolitan area	***	104.	105.	99.
Lackawanna County[2] only	***	106.	103.	97.
Luzerne County[3]	***	96.	100.	94.
Hazleton	***	88.	91.	86.
Wilkes-Barre	***	100.	105.	96.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	37.9	–12.	+ 24.
Nonresidential contracts only	44.8	+96.	+124.

[1] Lackawanna, Luzerne, and Monroe Counties
[2] Includes Scranton
[3] Includes Wilkes-Barre and Hazleton

Williamsport

Third-quarter events contributed to significant over-the-year gains in the Williamsport area economy. In a comparison of seasonally adjusted quarterly averages for the third quarter of this year and the same quarter last year, increases of 4.2 percent in total resident employment, 11.7 percent in the factory job level, 3.1 percent in the nonmanufacturing industry job level, and 20.5 percent in industrial electric power sales are revealed.

Third quarter's 0.4 percent increase in the seasonally adjusted level of total resident employment was accompanied by a larger 0.8 percent increase in the number of residents participating in the labor force. This caused the seasonally adjusted unemployment rate to increase to 11.5 percent from 11 percent in the second quarter, but it remained significantly below the 13.8 percent rate of a year ago.

The usual seasonal declines in manufacturing and nonmanufacturing employment did not take place in the July-September quarter. As a result, the seasonally adjusted level of factory jobs rose 2 percent while the adjusted level of nonmanufacturing industry jobs rose 1.3 percent.

At the same time, the average length of the factory workweek dropped a slight 0.1 of an hour and remained relatively long compared to historical data.

Sales of electricity to industries jumped a seasonally adjusted 8.8 percent in the third quarter, bringing the level of sales to the highest quarterly average recorded in the area.

The value of contract construction awards waned last quarter. But the year-to-date totals for the first three quarters of the year were ahead of values a year ago for both residential and nonresidential buildings. The nine-month value of residential building awards was 18 percent ahead of last year's nine-month total while the value of nonresidential building awards was almost three times the nine-month value of last year.

Williamsport Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	48.0	102.	101.	98.
Unemployed, no. of residents	5.7	132.	127.	158.
Rate, seasonally adjusted	11.5			
Civilian labor force, no. of residents	53.6	105.	104.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.6	99.	98.	94.
Nonmfg. only, no. of jobs	30.2	107.	106.	104.
Mfg. only, no. of jobs	15.2	86.	85.	77.
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	102.	102.	101.
Industrial electric power sales	***	112.	103.	93.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Quarter Ago	Year Ago
Residential contracts only	4.1	−18.	+5.
Nonresidential contracts only	1.1	−95.	−84.

[1] Lycoming County

Northwestern Quarter

Erie

Most economic indicators for the Erie metropolitan area reflected improvement in the local economy during the third quarter. The exception was the manufacturing job level, which declined for the first quarter since the recession low in the second quarter of 1983.

At first brush, the seasonally adjusted unemployment rate appeared to show worsening conditions also; it rose to 10.2 percent from second quarter's 9.9 percent. But at the same time, total resident employment rose a seasonally adjusted 0.7 percent. The increase in the unemployed was due to an increase in the number of area residents participating in the labor force.

The seasonally adjusted number of nonmanufacturing jobs rose 2.4 percent in the July-September quarter, after little change in the first two quarters of the year. Third quarter's increase brought the nonmanufacturing job level to its highest point since the second quarter of 1980 and helped counteract the drop in the factory job level.

The total nonfarm industry job level has been inching up for more than a year but remains 9 percent below the average level prevailing in 1979, the year before the two most recent recessions.

Production workers continue to put in long hours in the area's factories. The average length of the factory workweek was unchanged last quarter, staying at a seasonally adjusted 42.5 hours — the longest average workweek in recent years.

The seasonally adjusted level of industrial electric power sales jumped 14.7 percent last quarter, reflecting increased industrial activity. But sales remained 9 percent below the pre-recession level.

The value of commercial and industrial contract construction awards show an improvement in business conditions from a year earlier. The nine-month total value of nonresidential building awards was 86 percent

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	114.2	101.	101.	99.
Unemployed, no. of residents	11.8	137.	134.	183.
Rate, seasonally adjusted	10.2			
Civilian labor force, no. of residents	126.0	104.	103.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	108.1	97.	96.	95.
Nonmfg. only, no. of jobs	71.2	106.	103.	104.
Mfg. only, no. of jobs	35.6	82.	84.	80.
Hrs. worked by production workers in mfg., *ave. weekly*	42.3	103.	103.	100.
Industrial electric power sales	***	99.	87.	84.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Quarter Ago	Year Ago
Residential contracts only	13.5	−1.	+5.
Nonresidential contracts only	19.2	+79.	+78.

[1] Erie County

ahead of last year's nine-month total.

On the other hand, residential building awards were running at about the same level as last year.

Sharon

The Sharon area economy continued to struggle along in the third quarter.

Total resident employment fell a seasonally adjusted 1.1 percent. The seasonally adjusted number of employed area residents was only 0.2 percent ahead of the level in the third quarter of last year and remained 12 percent below the level prevailing in 1979.

At the same time, the seasonally adjusted unemployment rate rose to 12.9 percent from 12.4 percent in the second quarter but was down from 16.4 percent in the third quarter of 1983.

The factory job level was unchanged after seasonal adjustment. More than a third of all factory jobs in the area was lost during the two back-to-back recessions — these jobs have yet to be regained.

In fact, industrial activity, as reflected in industrial electric power sales, continued to have setbacks. The seasonally adjusted level of sales dipped sharply in September, bringing the quarterly average down 5.1 percent from the second quarter.

The nonmanufacturing sector did not experience the usual seasonal decline in the July-September quarter. Therefore, the seasonally adjusted job level in these industries rose 1 percent from the second quarter. However, the increase was not enough to fully regain second quarter's 2 percent drop. Thus, the level was only a small 0.3 percent above where it stood in the third quarter of last year.

The value of nonresidential building construction contracts awarded in the third quarter was only half the value of the preceding quarter, but the three-quarter total value of these awards was still running a good 69 percent ahead of the cumulative value in the first three quarters of last year.

Residential building awards so far this year were valued 24 percent more than they were in the same period last year.

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	45.3	92.	93.	91.
Unemployed, no. of residents	6.2	156.	157.	213.
Rate, seasonally adjusted	12.9			
Civilian labor force, no. of residents	51.5	96.	98.	101.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	40.2	89.	88.	88.
Nonmfg. only, no. of jobs	29.0	100.	100.	100.
Mfg. only, no. of jobs	11.2	68.	68.	65.
Industrial electric power sales	***	107.	112.	112.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Quarter Ago		Year Ago
Residential contracts only	7.0	+ 6.		+30.
Nonresidential contracts only	4.9	−50.		+32.

[1] Mercer County

Southwestern Quarter

Altoona

The Altoona area economy lifted itself out of a rut last quarter, with the first significant gains in employment in a year. The seasonally adjusted level of total employment rose 1.9 percent in the third quarter, after rising only 0.4 percent in the preceding three quarters.

The employment gain in the Altoona area, in contrast to other metropolitan areas in Pennsylvania, was greater than the quarterly rise in the civilian labor force. As a result, the number of unemployed area residents dropped, and the seasonally adjusted jobless rate fell to 11.5 percent from 12.4 percent in the second quarter and 16 percent in the third quarter of last year. The area's jobless rate in the July-September quarter was at its lowest level since the second quarter of 1981.

Job gains took place in both the manufacturing and nonmanufacturing sectors. The seasonally adjusted factory job level rose 1.8 percent, completely offsetting the drop in the second quarter and matching the first quarter level. At the same time, the length of the factory workweek dropped 0.8 of an hour.

Third quarter's rise in seasonally adjusted nonmanufacturing employment more than recaptured job losses in the second quarter. But despite the strong gains in both sectors, the number of nonfarm industry jobs remained well below pre-recession levels.

Seasonally adjusted sales of electricity to industrial users fell back 0.4 percent. But the third-quarter level was brought down by a temporary dip in sales in August; September's sales were up again.

Another indicator with a strong third quarter showing was the value of contract construction awards for nonresidential buildings, which was more than five times the level in the previous quarter. The nine-month total

Altoona Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	51.0	96.	94.	93.
Unemployed, no. of residents	5.9	156.	172.	226.
Rate, seasonally adjusted	11.5			
Civilian labor force, no. of residents	56.9	100.	99.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.8	92.	89.	89.
Nonmfg. only, no. of jobs	36.4	94.	91.	92.
Mfg. only, no. of jobs	11.4	86.	84.	81.
Hrs. worked by production workers in mfg., *ave. weekly*	39.3	103.	104.	102.
Industrial electric power sales	***	86.	86.	78.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Quarter Ago		Year Ago
Residential contracts only	8.2	+ 14.		+ 14.
Nonresidential contracts only	8.7	+412.		+625.

[1] Blair County

value of these awards was almost three times the value in the same period last year.

More moderate gains were seen in the value of residential building awards. The nine-month total was only 10 percent higher than a year earlier.

Johnstown

The Johnstown area economy was still being dragged down by a contracting manufacturing sector in the third quarter.

The seasonally adjusted job level in the area's factories fell 5.5 percent from the second quarter and was 2.4 percent below the level in the third quarter of 1983. Johnstown was the only metropolitan area in the state, besides Pittsburgh, that had fewer factory jobs last quarter than a year earlier. The seasonally adjusted manufacturing job level was only 200 jobs above the recession low of 11,900 jobs registered in the second quarter of 1983.

In addition, the average length of the factory workweek was 1.1 hour shorter than the previous quarter after adjustment for seasonal variation. The decline reduces pressure on factory employers to increase their work force.

Decreased manufacturing activity was also reflected in lower sales of electricity to industrial users. Last quarter's 6.2 percent drop in the seasonally adjusted level of industrial electric power sales was the first decline in this measure since the recession low in the first quarter of 1983.

Job gains in the nonmanufacturing sector offset losses in the manufacturing sector, raising the seasonally adjusted total nonfarm industry job level 0.8 percent in the third quarter. The 1.8 percent increase in the seasonally adjusted nonmanufacturing job level brought it 4.1 percent above the quarterly low in the second quarter of 1983, but it remained more than 10 percent below the average number of nonfactory jobs in 1979, the year before the recent recessions.

Total resident employment was little changed in the third quarter after seasonal adjustment while the seasonally adjusted civilian labor force increased 1 percent. The increase in the number of residents participating in the labor force resulted in an increase in the seasonally adjusted number of persons counted as unemployed; the jobless rate rose to 15 percent in the third quarter from 14.2 percent a quarter earlier.

The value of contract construction awards was also down last quarter. The nine-month cumulative value of nonresidential building awards was 85 percent ahead of the value in the same period last year, but 1983 was an especially bad year for commercial and industrial construction in the Johnstown area. The cumulative value of residential building awards was trailing last year's value by 15 percent.

Pittsburgh

The Pittsburgh area economy, yet to recover from the 1980 and 1981/82 recessions, is reeling from another set of layoffs in its manufacturing sector.

Last quarter the seasonally adjusted number of factory jobs in the Pittsburgh metropolitan area declined 3.6 percent, after dropping 2 percent in the second quarter. The factory job level never did turn up after the recession but kept right on declining to its current low of 158,100 jobs. This compares to an average 255,100 factory jobs in 1979.

The number of hours put in by production workers in the area's factories had fully recovered, rising to a high 41.4 hours in the second quarter. Hours worked typically turn up before employment levels. However, last quarter the workweek fell back to an average 40.7 hours.

Job gains did occur in the nonmanufacturing sector. The seasonally adjusted nonmanufacturing job level rose 0.9 percent in the third quarter to match the average level prevailing in 1979.

Total resident employment rose less than the usual

Continued on back page.

Johnstown Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	88.7	88.	88.	88.
Unemployed, no. of residents	14.0	142.	135.	186.
Rate, seasonally adjusted	15.0			
Civilian labor force, no. of residents	102.7	102.	101.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	75.8	85.	85.	82.
Nonmfg. only, no. of jobs	63.4	94.	93.	92.
Mfg. only, no. of jobs	12.4	57.	60.	58.
Hrs. worked by production workers in mfg., *ave. weekly*	36.7	94.	96.	94.
Industrial electric power sales	***	152.	162.	90.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	10.7	−16.	−52.
Nonresidential contracts only	5.5	−59.	−33.

[1] Cambria and Somerset Counties

Pittsburgh Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	904.5	98.	98.	98.
Unemployed, no. of residents	117.6	186.	175.	216.
Rate, seasonally adjusted	11.9			
Civilian labor force, no. of residents	1,022.0	103.	104.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	862.0	94.	94.	94.
Nonmfg. only, no. of jobs	703.1	106.	105.	105.
Mfg. only, no. of jobs	158.1	63.	65.	66.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	101.	102.	98.
Industrial electric power sales	***	71.	82.	69.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	103.4	−17.	−13.
Nonresidential contracts only	123.1	+34.	−16.

[1] Allegheny, Beaver, Washington, and Westmoreland Counties

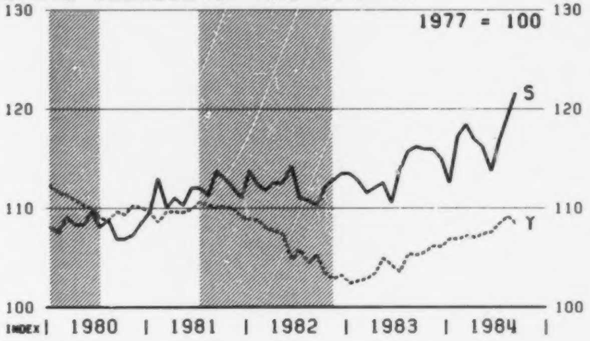
Area Graphs

Total Nonfarm Industry Jobs

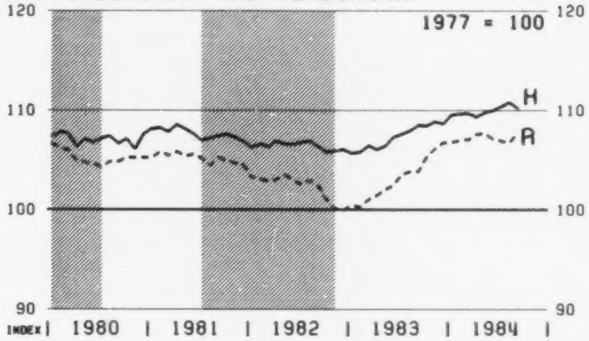
Seasonally Adjusted Indexes

(1977 = 100)

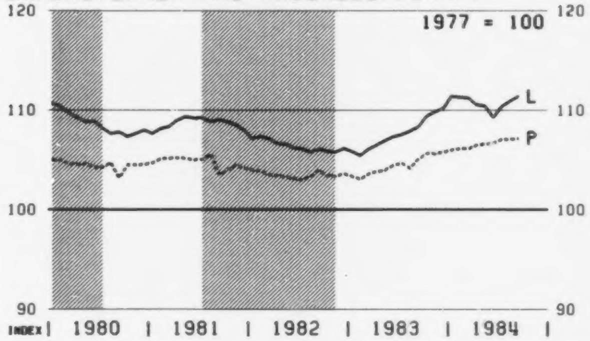
STATE COLLEGE (S) AND YORK (Y)



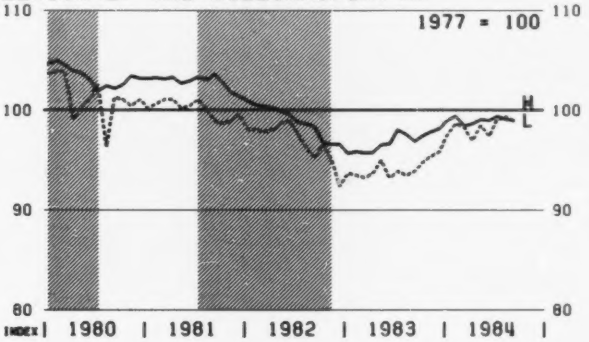
HARRISBURG (H) AND READING (R)



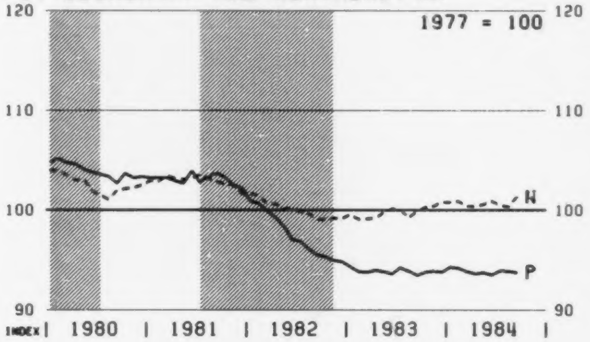
LANCASTER (L) AND PHILADELPHIA (P)



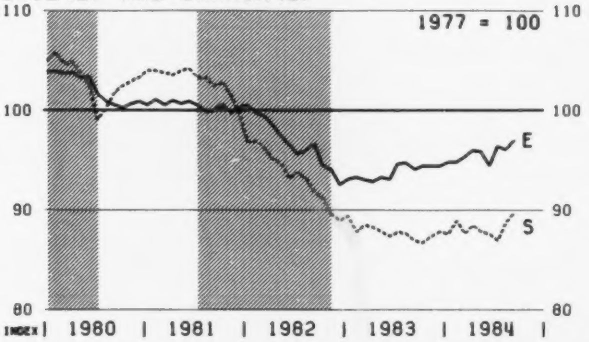
LEHIGH (L) AND WILLIAMSPORT (W)



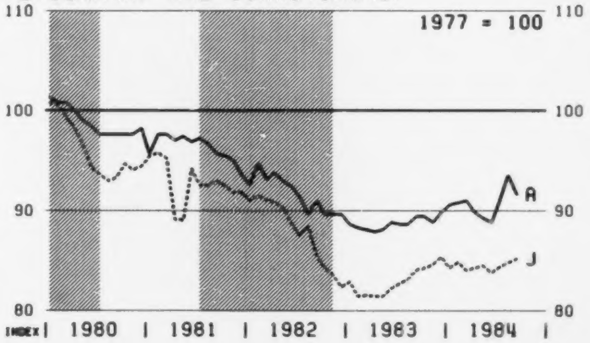
PITTSBURGH (P) AND NORTHEAST (N)



ERIE (E) AND SHARON (S)



ALTOONA (A) AND JOHNSTOWN (J)



Continued from page 10.

seasonal amount. Therefore, the seasonally adjusted employment level fell 1 percent. Pittsburgh was the only metropolitan area in the state, besides Northeast, Pa., that had a lower total employment level in the third quarter of this year than in the same quarter last year.

At the same time, the number of residents counted as unemployed rose. The seasonally adjusted unemployment rate went from an average 11.1 percent in the second quarter to 11.9 percent in the third.

The decline in manufacturing activity last quarter slowed the sales of electricity to area industries dramatically. The seasonally adjusted level of industrial electric power sales fell a sharp 13.2 percent. Third quarter's drop was the first since the recession low of fourth quarter 1982, but sales remained only two-thirds of the level prevailing in the year before the back-to-back recessions.

Construction contracts awarded in the Pittsburgh area were making no marked gains this year. The value of nonresidential building awards rose slightly in the third quarter but the value of residential building awards declined.

State College

The economy of the State College metropolitan area was dominated by good news in the third quarter. The seasonally adjusted level of total resident employment rose 1.5 percent, registering a new quarterly high of 48,900 workers.

The number of labor force participants also swelled to its highest seasonally adjusted level, pushing the number of residents counted as unemployed up. The seasonally adjusted unemployment rate in the area, which includes all of Centre County, rose to 8.5 percent from 7.8 percent in the second quarter.

Third-quarter employment gains were concentrated in the nonmanufacturing sector. The seasonally adjusted job level in this sector rose 4.1 percent to a new high. The growth in the area's nonmanufacturing sector lost little speed during the recessions. By the third quarter, the seasonally adjusted quarterly average was 15 percent above the average prevailing in 1979.

State College Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	49.2	119.	116.	116.
Unemployed, no. of residents	4.3	173.	154.	197.
Rate, seasonally adjusted	8.6			
Civilian labor force, no. of residents	53.5	122.	118.	121.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.4	119.	116.	115.
Nonmfg. only, no. of jobs	39.6	119.	114.	116.
Mfg. only, no. of jobs	7.8	121.	124.	114.
Industrial electric power sales	***	107.	107.	95.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Percentage Change Year Ago
Residential contracts only	12.2	– 24.	– 17.
Nonresidential contracts only	4.9	+ 158.	– 29.

[1] Centre County

On the other hand, the manufacturing sector has had no marked employment gains since the first quarter. Nevertheless, it stood at a level just below the all-time high of 8,000 jobs.

Seasonally adjusted sales of electricity to industrial users fell a slight 0.3 percent in the third quarter, indicating that the expansion in industrial activity in the area may be cooling off. Last quarter's decline was the first since the recession low in the fourth quarter of 1982.

The construction boom in the area is also cooling its heels. The value of contract construction awards tends to be a very volatile series, especially for smaller areas. Thus, while the third-quarter value of nonresidential building awards was two and a half times the second-quarter value, the nine-month total value of these awards trailed last year's value 23 percent.

Conversely, residential building awards dropped in the third quarter from the second, but the three-quarter total was up from last year.

— *Norma I. Gavin*

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Pennsylvania's Economy Has Its Ups and Downs

October's Performance Is Mixed

Economic indicators for Pennsylvania were mixed in October. Manufacturing activity was little changed while construction industries marked strong gains and mining declined. Persistent depressed levels of production and employment in steel mills were coupled with an ongoing expansion in service industries.

Total employment in Pennsylvania rose 1.7 percent in October, but almost two-thirds of that rise is due to normal seasonal variation. The seasonally adjusted number of employed Pennsylvanians rose 0.6 percent from the previous month and was 1 percent above the level of one year earlier.

However, the state still trails the nation in employment gains. Nationally, total employment rose 3.5 percent over the year.

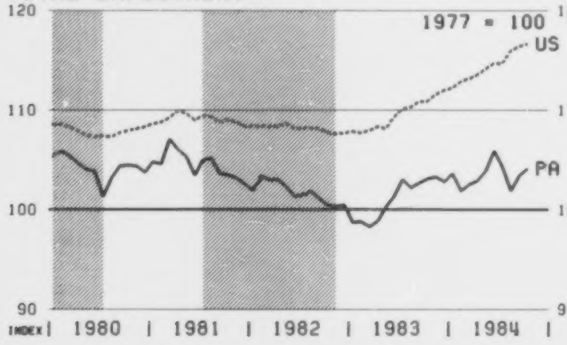
Percentage gains in employment in all major private industry groups, except public utilities and financial services, were greater in the nation than in the state. The most striking differences were in manufacturing industries, up 0.1 percent in the state and 4.1 percent in the nation; mining industries, down 4.2 percent in the state and up 5.3 percent nationwide; retail trade, up 0.6 percent in the state and 4.7 percent nationally; and transportation industries, up 1.5 percent statewide and 6.9 percent in the nation.

In contrast, because of two large financial centers anchoring the state at both ends, Pennsylvania's financial, insurance and real estate (FIRE) industry group saw a 4.2 percent over-the-year employment gain compared to a 3.6 percent gain in the nation.

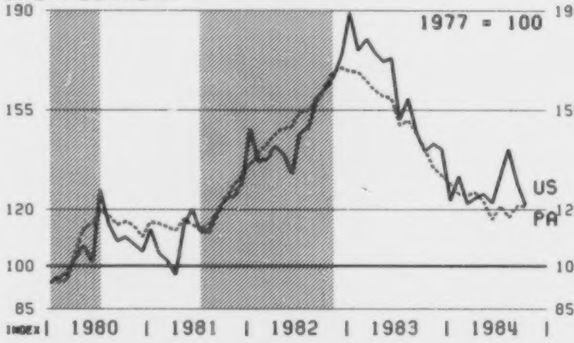
There were 5,800, or 5.3 percent, more FIRE jobs in the Delaware Valley region in October than there were one-year earlier and 2,000, or 4.2 percent, more in the Pittsburgh SMSA. In addition, the Harrisburg SMSA experienced a substantial gain of 1,300 jobs in this industry group, representing a percentage increase of 10.2 percent.

The Pittsburgh SMSA and the Pennsylvania portion of the Philadelphia SMSA together accounted for 65.6 percent of all FIRE employment in the state. The Harrisburg area accounted for another 5.6 percent of these jobs. But the three metropolitan areas accounted

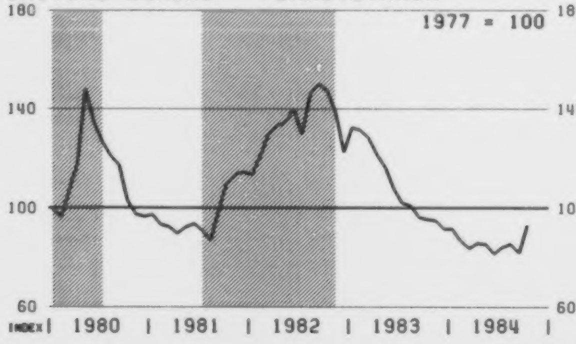
TOTAL EMPLOYMENT



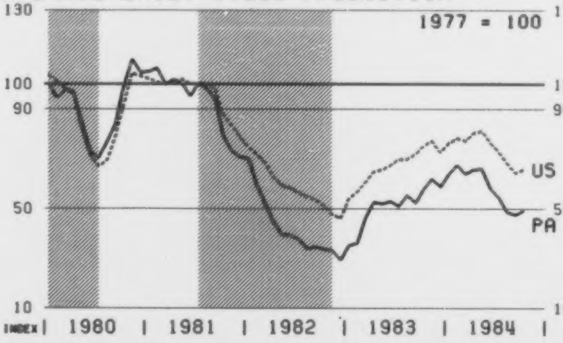
UNEMPLOYMENT



INITIAL CLAIMS - PENNSYLVANIA



AVERAGE DAILY STEEL PRODUCTION



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **December 1984**

Economic Activity in Pennsylvania				Seasonally Adjusted Indexes		
	1984		1983	1984		1983
	Sept.	*Oct.*	*Oct.*	*Sept.*	*Oct.*	*Oct.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salary jobs (thous.)[1]	4,647.*	4,671.	4,602.	101.2*	101.4	100.0
Nonmanufacturing						
No. of wage and salary jobs (thous.)	3,525.*	3,555.	3,488.	109.0*	109.3	107.3
Manufacturing						
No. of wage and salary jobs (thous.)	1,115.*	1,112.	1,111.	82.3*	82.5	82.4
Ave. wkly. hrs. worked by prod. workers	40.3*	40.0	39.8	101.7*	101.2	100.7
Total wkly. person-hours worked (mils.)	31.0*	30.6	30.4	79.8*	79.2	78.7
Total wkly. payroll (mil. dols.)	291.5*	287.1	273.8	128.2*	127.8	121.8
Steel production (thous. tons)	961.*	994.	1,167.	48.	49.	58.
Industrial electric power sales (mil. dols.)	3,579.	3,609.	3,511.	95.	98.	94.
Mining						
Anthracite coal (thous. net tons)	402.	395.	423.	86.	71.	79.
Bituminous coal (thous. net tons)	6,043.	n.a.	5,568.†	83.	n.a.	72.†
Construction contracts awarded (mil. dols.)						
Total	572.7	719.9	402.5*	172.	226.	130.*
Residential building	206.3	255.9	208.7*	130.	170.	140.*
Other building	275.3	365.1	149.6*	260.	318.	149.*
Nonbuilding (utilities and public works)	91.1	99.0	44.3*	121.	196.	82.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,018.	5,102.	5,053.	103.4	104.1	103.1
Unemployed						
No. of persons (thous.)	479.	456.	532.	109.5	121.9	140.5
Rate (percentage of labor force)	8.7	8.2	9.5			
Rate, seasonally adjusted	9.5	9.0	10.3			
Civilian labor force, no. of persons (thous.)	5,497.	5,558.	5,585.	103.9	105.4	106.0
Initial claims for unemployment benefits	91,693.	131,518.	123,845.	82.0	92.9	95.4

Consumer Prices, all Items	Urban Indexes (1967 = 100)			Percentage Change	
	1984		1983	*Month*	*Year*
	Sept.	*Oct.*	*Oct.*	*Ago*	*Ago*
U.S. city average	314.5	315.3	302.6	+0.3	+4.2
Philadelphia	303.9	303.7	291.2	−0.1	+4.3
Pittsburgh	n.a.	321.1	313.7	n.a.	+2.4
Northeast PA	298.2	n.a.	287.2†	n.a.	+3.8

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for September 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

for 90 percent of the over-the-year job gains.

Accompanying October's employment gains was a decline in the number of Pennsylvanians counted as unemployed. The seasonally adjusted number of jobless residents fell 5.8 percent to its lowest level since September 1981, and the adjusted jobless rate fell to 9 percent from 9.5 percent in the previous month.

At the same time, the seasonally adjusted U.S. civilian unemployment rate was unchanged at 7.4 percent.

No improvement in overall manufacturing activity in the state took place in October. Total weekly person-hours worked in Pennsylvania's factories, the broadest measure of labor input, fell 0.7 percent after seasonal adjustment.

This measure was brought down by the average length of the factory workweek, which fell to 40 hours from a seasonally adjusted 40.2 hours in September. The seasonally adjusted number of factory jobs rose a small 0.2 percent.

Nondurable manufacturing industries performed better than those producing durable goods. The workweek in nondurable goods factories fell only 0.1 of an hour, and employment increased a seasonally adjusted 0.4 percent. At the same time, workers in durable goods factories worked a half hour less on average, and numbered approximately the same as in September after accounting for regular seasonal variation.

Durable goods are manufactured items that in normal use are expected to last more than three years while nondurable goods are expected to be used up in three years time.

Steel mills accounted for much of the sluggishness in the durable goods industry group. The steel industry has been hurt by obsolete plant and equipment, high labor costs, and inroads into domestic and foreign markets by foreign competitors.

The seasonally adjusted average daily production of steel in the state rose 3.9 percent in October but

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
March 1984	103.9	89.0	−0.3	−0.2
April	104.0	89.1	0.1	0.1
May	104.4	89.5	0.4	0.4
June	104.1	90.0	−0.3	0.6
July	104.4	89.4	0.3	−0.7
August	103.5	88.4	−0.9	−1.1
September	104.1	88.9	0.6	0.6
October	103.9	88.9	−0.2	0.0

remained nearly 15 percent below the level of a year earlier and less than half the level prevailing in 1979, the year before the two most recent recessions.

The Pennsylvania share of total U.S. steel production dropped to 14.8 percent in October. This compares to a better than 20 percent share prior to mid-1981.

The state's mining industries were also hurting in October as coal users worked down stockpiles built up to guard against anticipated strikes earlier this fall. Employment in Pennsylvania's mines dropped a seasonally adjusted 2.9 percent, and production of anthracite coal plummeted 17.5 percent.

The seasonally adjusted level of bituminous coal mined in the state is also headed down. It fell 7.9 percent in August and 6.1 percent in September. October's figures had not been released as of this writing.

Concurrent with the mediocre performance of the state's factories and the dismal conditions in its mines, Pennsylvania's construction industries were doing very well. The seasonally adjusted level of total construction employment rose 3.7 percent in October, and awards for future construction work registered a post-recession high.

The seasonally adjusted value of total awards rose 31.2 percent, fueled by a 30.4 percent rise in residential building awards, a 22.2 percent increase in nonresidential building awards, and a 61.7 percent jump in nonbuilding awards.

October's rise in nonresidential building awards follows an 80.7 percent rise in September and brought the level of these awards to a record high for the state. These gains reflect strong business spending in capacity expansion.

Also registering a new record high in October was the level of employment in private service industries. These industries, which include business and health-related services, gained another 3,900 jobs over the month, bringing the job level to 1.115 million, or nearly 40 percent of all private nonfarm jobs in the state.

The gains netted out the losses in the composite index of coincident indicators for the state. This measure was unchanged in October from a month earlier.

But the composite index of leading indicators fell 0.2 percent. The large gain in the residential building awards component was offset by a decline in the average length of the factory workweek and a big jump in initial claims for unemployment compensation, which exerts a downward influence on the index.

A single month's decline does not signal an impending downward cycle in business activity; five declines in a six-month period is used as a rule to identify turning points in economic growth.

The leading index has declined three times in the last six months for which we have data, but none of these declines have been consecutive. Besides October's decline, a 0.3 percent decline in June and a 0.9 percent decline in August were registered. We are looking for continued moderate growth.

— *Norma I. Gavin*

PENNSYLVANIA BUSINESS SURVEY

December 1984 Vol. 25, No. 12

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Strong Second-quarter Income Gains

Total personal income in Pennsylvania rose a healthy 2.5 percent in the second quarter of the year, outpacing the 2.1 percent increase in the nation as a whole.

The national income gain was kept down by declines in six agricultural states, where large drops in farm income due to the phasing out of the "payment-in-kind" farm subsidy program offset increases in other income. Nonfarm income rose 2.5 percent in both the nation and the state.

Personal income is current income received by persons from all sources — that is, from participation in production, from government and business transfer payments, and from government interest.

The second-quarter income gain reflected a substantial increase in purchasing power. The percentage change in current dollar personal income far exceeded the national increase in consumer prices, pushing real (inflation-adjusted) personal income up sharply.

Consumer prices, as measured by the implicit price deflator for personal consumption expenditures, increased only 0.5 percent in the April-June quarter.

Pennsylvania had relatively large payroll increases in

Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
		Percentage Change			Percentage Change	
	1984 II (*mil. dols.*)	*Quarter Ago*	*Year Ago*	1984 II (*mil. dols.*)	*Quarter Ago*	*Year Ago*
Labor and proprietors income by place of work	101,045	2.5	9.9	2,124,954	1.8	10.7
By type						
Wage and salary disbursements	83,941	2.3	8.7	1,781,605	2.1	9.1
Other labor income	10,434	3.1	14.3	193,384	2.9	13.9
Proprietors income	6,670	4.3	19.4	149,965	−3.1	28.9
By industry						
Farm	789	16.2	19.4	35,534	−19.2	60.1
Nonfarm	100,256	2.4	9.8	2,089,420	2.3	10.1
Private	87,016	2.5	10.8	1,741,308	2.4	11.0
Ag. serv., for., fish., and other	250	−3.5	1.2	8,485	−3.3	4.1
Mining	1,460	5.2	13.3	35,588	4.6	12.2
Construction	4,876	3.9	8.6	115,084	3.5	14.4
Manufacturing	30,225	2.2	13.7	508,664	1.9	11.9
Nondurable goods	10,615	0.2	8.0	185,796	1.4	7.9
Durable goods	19,609	3.3	17.1	322,869	2.2	14.4
Transportation and public utilities	7,663	3.2	7.8	162,718	2.3	7.6
Wholesale trade	6,145	2.3	9.6	141,571	2.6	10.2
Retail trade	8,986	1.4	6.7	201,961	2.4	9.0
Finance, insurance, and real estate	5,928	2.3	12.2	138,101	2.0	12.1
Services	21,482	3.0	9.9	429,136	2.8	11.3
Government	13,240	1.6	4.0	348,113	1.4	6.1
Federal, civilian	3,470	1.4	2.6	77,647	0.5	3.0
Federal, military	626	0.8	16.8	37,037	0.4	8.0
State and local	9,145	1.8	3.8	233,428	1.8	6.8
Total personal income	145,829	2.5	8.2	2,970,903	2.1	9.8
Nonfarm personal income	145,040	2.5	8.1	2,935,370	2.5	9.4
Net labor proprietor income[1]	93,831	2.6	9.8	1,781,605	1.8	10.7
Dividends, interest and rent	26,926	4.1	12.8	193,384	4.1	13.1
Transfer payments	25,072	0.7	−1.7	149,965	1.1	2.0

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, October 1984.

[1] Total earnings by place of work less personal contributions for social insurance and plus an adustment for residence.

mining, construction, durable goods manufacturing and private service-type industries. The percentage gain in nondurable goods payrolls was negligible, and in trade industries, it was somewhat lower than the national average.

Income from dividends, interest and rent advanced a solid 4.1 percent in Pennsylvania, the same as in the nation.

Transfer payments rose a modest 0.7 percent in the state compared to 1.1 percent in the nation. The smaller gain in the state was due to a larger percentage drop in unemployment insurance disbursements. These payments halved in the nation over the year while in the state they dropped more than 57 percent.

However, unemployment insurance benefits represented 5 percent of all transfer payments received by Pennsylvanians in the second quarter compared to a lower 3.8 percent of transfer payments paid out nationwide.

— *Norma I. Gavin*

PENNSYLVANIA BUSINESS SURVEY
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Recovery Resumes at Modest Pace in November

Factories Retrench for Future Growth

Much attention has been given to the slowing in the pace of economic growth through the summer and early fall. Inflation-adjusted gross national product (GNP), the dollar value of newly produced final goods and services, grew at a hectic 10.1 percent annual rate in the first quarter and a strong 7.1 percent rate in the second quarter but slowed sharply to a 1.6 percent annual rate in the July-September quarter.

A slowdown in growth is typical in the mid-life of a business cycle expansion. But it is uncertain whether the current slowing will be followed by a fairly rapid rate of growth, as is typical; or whether the slowdown is more serious and will be more protracted than typicallly occurs; or whether it marks the end of the expansion, to be followed shortly by recession.

Most economists are predicting that the economy will continue to grow through most of next year at a slightly improved pace. Early estimates of fourth-quarter GNP show a modest pick-up from the third quarter.

In a comparison of the current recovery — which was two years old in November — with previous postwar recoveries, the Center for International Business Cycle Research at Columbia University found that the current upswing has topped previous peaks by more than the average percentage.[1] This vigor has been especially marked in job creation.

In the first year or so of previous expansions, employment rose much more slowly than output, but it also did not slow down as much as output in the latter part of the second year.

Nationally, employment levels in nonfarm industries advanced 1 percent in the first six months of the current recovery and then took off with a 2.4 percent gain in the second six months and a 2.3 percent gain in the third six months, but fell back to a 1.8 percent gain in the fourth six-month period. The pre-recession high was exceeded in October 1983 — one month before the recovery was one year old.

In Pennsylvania, the number of nonfarm jobs

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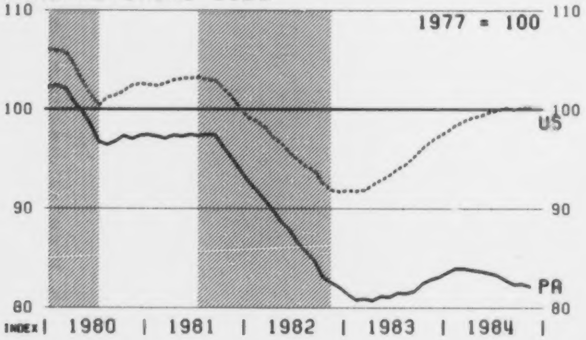
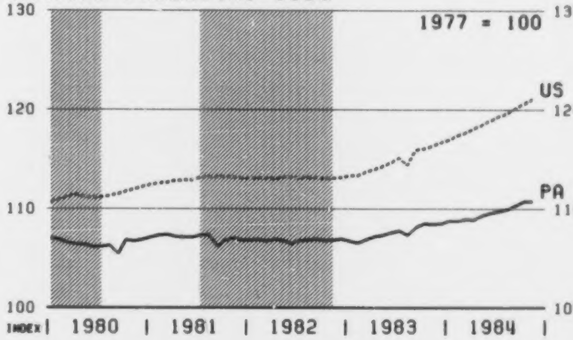
[1] Center for International Business Cycle Research, Columbia Business School, Columbia University, *Recession-Recovery Watch*, vol. 6, no. 5 (New York, NY: Columbia University, October 1984).

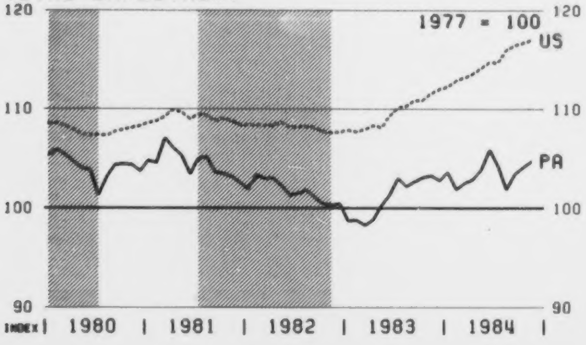
MANUFACTURING JOBS



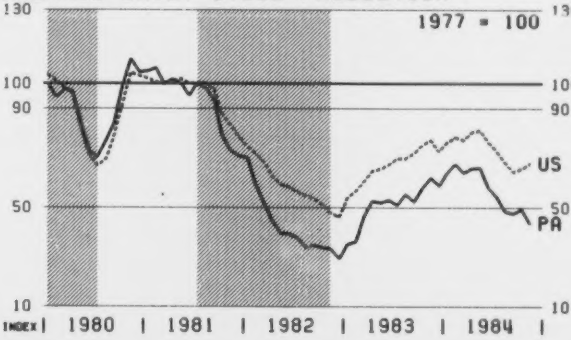
SERVICE-PRODUCING JOBS



TOTAL EMPLOYMENT



AVERAGE DAILY STEEL PRODUCTION



PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **January 1985**

Economic Activity in Pennsylvania	1984		1983	Seasonally Adjusted Indexes (1977 = 100) 1984		1983
	Oct.	*Nov.*	*Nov.*	*Oct.*	*Nov.*	*Nov.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,672.*	4,681.	4,610.	101.5*	101.4	100.0
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,557.*	3,564.	3,491.	109.4*	109.4	107.2
Manufacturing						
No. of wage and salaried jobs (thous.)	1,111.*	1,106.	1,115.	82.4*	82.2	82.9
Ave. wkly. hrs. worked by prod. workers	40.0	40.8	40.2	101.2	102.4	100.9
Total wkly. person-hours worked (mils.)	30.5*	30.9	31.0	79.2	79.6	79.6
Total wkly. payroll (mil. dols.)	286.9*	293.2	282.7	127.7*	128.4	123.8
Steel production (thous. tons)	994.	862.	1,224.	49.	44.	62.
Industrial electric power sales (mil. dols.)	3,609.	3,462.	3,515.	98.	96.	97.
Mining						
Anthracite coal (thous. net tons)	395.	376.	410.	71.	66.	73.
Bituminous coal (thous. net tons)	5,233.	n.a.	5,995.†	62.	n.a.	75.†
Construction contracts awarded (mil. dols.)						
Total	719.9	829.0	402.7*	226.	248.	125.*
Residential building	255.9	238.4	197.4*	170.	166.	149.*
Other building	365.1	461.2	145.1*	318.	362.	106.*
Nonbuilding (utilities and public works)	99.0	129.5	60.1*	196.	236.	106.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,102.	5,136.	5,066.	104.1	104.7	103.3
Unemployed						
No. of persons (thous.)	456.	455.	552.	121.9	119.1	143.1
Rate (percentage of labor force)	8.2	8.1	9.8			
Rate, seasonally adjusted	9.0	8.7	10.5			
Civilian labor force, no. of persons (thous.)	5,558.	5,591.	5,618.	105.4	105.8	106.4
Initial claims for unemployment benefits	131,518.	134,744.	137,199.	92.9	95.2	94.9

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 *Oct.*	 *Nov.*	 1983 *Nov.*	Percentage Change *Month* *Ago*	 *Year* *Ago*
U.S. city average	315.3	315.3	303.1	0.0	+4.0
Philadelphia	303.7	306.0	291.7	+0.8	+4.9
Pittsburgh	321.1	n.a.	313.7†	n.a.	+2.4
Northeast PA	n.a.	301.1	288.5	n.a.	+4.4

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for October 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Percentage Changes in Employment Levels[1]	1979* to Nov.'82	Nov.'82 to May '83	May '83 to Nov.'83	Nov.'83 to May '84	May '84 to Nov.'84
United States					
Goods-producing industries	−13.3	+ 0.7	+ 4.2	+ 3.3	+ 1.1
Service-producing industries	+ 3.8	+ 1.1	+ 1.7	+ 1.9	+ 2.0
All nonagricultural industries	− 1.3	+ 1.0	+ 2.4	+ 2.3	+ 1.8
Pennsylvania					
Goods-producing industries	−20.0	− 1.7	+ 2.0	+ 1.2	− 1.1
Service-producing industries	+ 1.0	+ 0.5	+ 1.0	+ 0.9	+ 1.2
All nonagricultural industries	− 6.2	− 0.2	+ 1.3	+ 1.0	+ 0.6

NOTES: [1]All percentages were computed from seasonally adjusted establishment data.
*Annual average for 1979 used.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	Coincident	Leading	Coincident
April 1984	104.0	89.1	0.1	0.1
May	104.4	89.5	0.4	0.4
June	104.1	90.0	−0.3	0.6
July	104.4	89.4	0.3	−0.7
August	103.5	88.4	−0.9	−1.1
September	104.1	88.9	0.6	0.6
October	103.9	88.9	−0.2	0.0
November	104.3	89.1	0.4	0.2

continued to decline for a couple of months after the national job level first turned up and has yet to regain pre-recession heights. Nevertheless, employment gains in the state have exhibited the same pattern, with relatively strong gains in the first year and a half of recovery and significantly smaller gains in the last six months of the two-year period.

But if we separate the goods-producing industries from the service-producing industries, we find that the slowdown represented in the aggregate data for the nation and the state is solely attributable to the goods-producing sector. In fact, jobs in the service-producing sector have been increasing at an increasing rate.

Goods-producing industries are those involved in the production of tangible items — manufacturing, mining and construction industries — while service-producing industries produce intangible items. The latter includes transportation; public utilities; wholesale and retail trade; finance, insurance and real estate; other services, such as health care, food, recreation and business-related services; and federal, state and local governments. Typically, service-producing industries are much less sensitive to the vagaries of the business cycle than goods-producing industries.

The poor performance of the goods-producing industries stems from a retrenching in the nation's factories, which has had a pronounced effect in Pennsylvania. Manufacturing industries are facing competition at home and abroad that is unprecedented in an expansion period. As a result, businesses are cutting labor costs through layoffs, scaled-back hiring plans and salary reductions. Such preoccupation with labor costs, common during recessions, is highly unusual at the end of the second year of recovery.

In November, Pennsylvania's seasonally adjusted factory job level fell 0.3 percent and was 0.8 percent lower than the level in the same month of last year. After adjustment for inflation and regular seasonal variation, total payrolls in the state's manufacturing industries showed no improvement from levels of a year ago.

Pennsylvania's steel industry is a case in point. The state's steel mills are facing stiff foreign competition, as well as competition from newer, more efficient mills in other states.

In November, the seasonally adjusted level of steel produced in Pennsylvania fell another 11.8 percent, putting the level of production 30 percent lower than a year ago and at its lowest point since February 1983. At the same time, total U.S. steel production rose a seasonally adjusted 3.2 percent in November, bringing Pennsylvania's share down to 13.4 percent from 14.8 percent in October and a better than 20 percent share before the two most recent recessions.

However, the mills are now leaner and more competitive than they were just a couple of years earlier. In November of 1982, 661,000 tons of steel were produced by 123,000 workers for an average of 5.4 tons per worker. Two years later, 862,000 tons were produced by 115,000 workers for an average of 7.5 tons per worker. But the higher productivity results from the industry adjusting to a permanently lower level of output and is borne at the cost of lower employment.

Overall, employment conditions in Pennsylvania improved in November and over the year. The seasonally adjusted level of total resident employment rose 0.6 percent and was 1.4 percent higher than the November 1983 figure. At the same time, the seasonally adjusted unemployment rate fell to 8.7 percent from 9 percent in October and 10.5 percent a year earlier.

Of the three major industry groups in Pennsylvania's goods-producing sector, only construction was going strong at the end of the second year of recovery. The seasonally adjusted number of construction workers employed in November rose 0.5 percent and was 8.4 percent higher than in the same month last year.

The short-run outlook for the building industries continues to be good. The value of awards for future construction in Pennsylvania registered another month of strong gains.

Awards for nonresidential buildings rose a seasonally adjusted 13.8 percent in value to the highest level ever recorded for a single month. November's record level of awards follows strong showings in September and October. In addition, seasonally adjusted nonbuilding (utilities and public works) awards leaped 20.6 percent in November, following a 61.7 percent gain in October.

Finally, if we were headed for a recession, we should see sharp drops in housing. But the value of residential building awards dropped a small, seasonally adjusted 2.5 percent in November and remained at a historically high level, showing no pattern of decline.

— *Norma I. Gavin*

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Third Quarter Marked Labor Market Setbacks

Recovery in the state's labor market stalled in the third quarter of 1984 but appears to have resumed in the final quarter of the year.

The third quarter marked a less than seasonal gain in the number of employed Pennsylvanians. At the same time, the number of state residents counted as unemployed rose.

Unemployed persons are all those over 16 years of age who did not work during the survey week but were available for work and either were actively seeking work in the previous four weeks, were waiting to be called back to a job from which they had been laid off, or were waiting to report to a new job in 30 days.

Employment increased among all major demographic groups in Pennsylvania. The largest gains were a 3.2 percent increase in the number of males employed and a 7.8 percent jump in black employment.

However, the overall gain was short of the usual seasonal increase for the July-September period. As a result, the total employment level fell 1 percent after seasonal adjustment.

Unemployment rose in the third quarter but, in the first two months of the fourth quarter, continued the decline which began in the first quarter of 1983.

Joblessness increased the most among women and blacks. These two groups were the only ones for whom the state jobless rates did not register any improvement over the year.

The coincident increases in both employment and unemployment among blacks reflect a significant gain in their labor force participation. While 54.9 percent of all blacks in the civilian noninstitutionalized population either had jobs or were seeking employment in the third quarter of 1983, 60 percent did so in 1984. This narrowed the discrepancy between the black and white participation rates to less than one percentage point.

Teenagers were the only group that did not experience an increase in joblessness in the third quarter. The unemployment rate for 16-19 year olds fell to 18.4 percent, the lowest rate in three years.

In a comparison to the United States as a whole, Pennsylvania had higher unemployment rates for all major demographic groups and experienced smaller over-the-year percentage gains in employment for all groups, except blacks and teenagers.

— *Norma I. Gavin*

Employment Data by Sex and Race and for Teenagers — Pennsylvania and the United States

	Number Employed	Percentage Change in Employment		Unemployment Rates			Labor Force Participation Rates		
	1984 III (in thousands)	Over Quarter	Over Year	1984 III	1984 II	1983 III	1984 III	1984 II	1983 III
Pennsylvania									
Total, seasonally adjusted	4,947	−1.0	—	9.9	9.0	11.2	59.6	59.7	60.5
Total, unadjusted	5,067	2.0	1.0	9.3	9.0	10.5	60.6	59.3	61.2
Male	2,955	3.2	1.3	8.9	8.8	11.1	74.3	72.2	75.2
Female	2,112	0.2	0.6	9.8	9.3	9.8	48.3	47.8	48.5
White	4,691	1.3	−0.[illegible]	8.1	8.1	9.8	60.6	59.8	61.6
Black	318	7.8	12.4	24.3	21.4	21.2	60.0	52.4	54.9
16-19 years old	381	13.1	10.8	18.4	19.4	25.0	59.7	51.7	59.4
United States									
Total, seasonally adjusted	105,201	0.1	—	7.5	7.5	9.4	64.4	64.5	64.2
Total, unadjusted	106,657	1.4	3.6	7.3	7.4	9.1	65.1	64.5	64.9
Male	60,456	2.0	3.5	6.8	7.3	9.0	77.5	76.6	77.6
Female	46,201	0.6	3.7	8.0	7.5	9.3	54.0	53.6	53.5
White	93,376	1.0	3.0	6.1	6.4	7.8	65.3	64.8	65.1
Black	10,367	3.5	7.6	16.2	16.1	19.6	63.8	61.9	63.2
16-19 years old	7,340	11.2	0.2	17.6	19.4	20.8	60.8	55.4	60.9

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

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Economic Progress in 1984

An Industry-by-Industry Review

Overall, 1984 was a year of improving economic conditions in Pennsylvania, but the progress recorded was not evenly felt. Many sectors continued to perform poorly while others operated at record levels. This year promises more gains, as well as further hardships.

For a better understanding of the mixed performance, an industry-by-industry look at the economy is presented.

Manufacturing

The 1.9 percent increase in the average factory employment level in 1984 from the 1983 level and the 10.3 percent increase in average weekly payrolls mask the contraction in the state's manufacturing industries that took place last year. Total factory employment declined 1.3 percent from December 1983 to December 1984 and inflation-adjusted payrolls fell 1.7 percent.

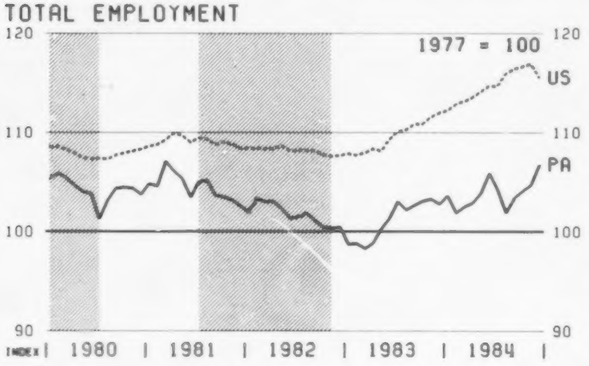
In contrast to the steep declines during the recession, last year's losses were small. But it may be several more months before employment bottoms out; both durable and nondurable goods industries are facing stiff competition at home and abroad.

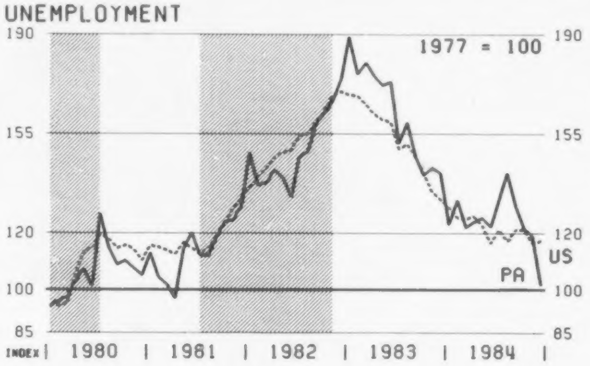
Durable goods. The steep employment decline in the state's durable goods factories, which began in 1979, was held in check last year. But at the same time, no net employment gains were registered after the first of the year. Employment losses in basic steel industries were offset by increases in high-tech and transportation equipment factories.

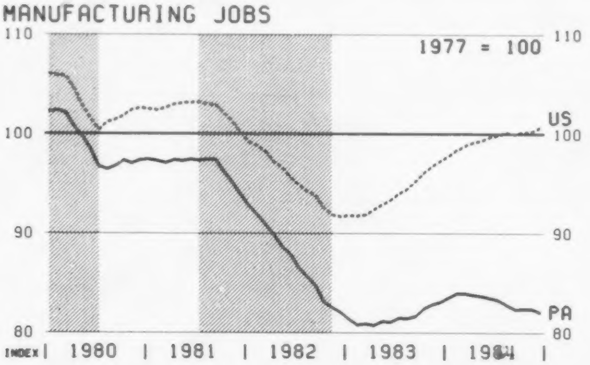
Blast furnace and other basic steel mills lost 13,500 workers from December to December while nonelectrical machinery factories gained 3,200 workers, producers of electronic components and accessories increased their workforce by 4,800 workers and transportation equipment makers hired 2,500 new employees.

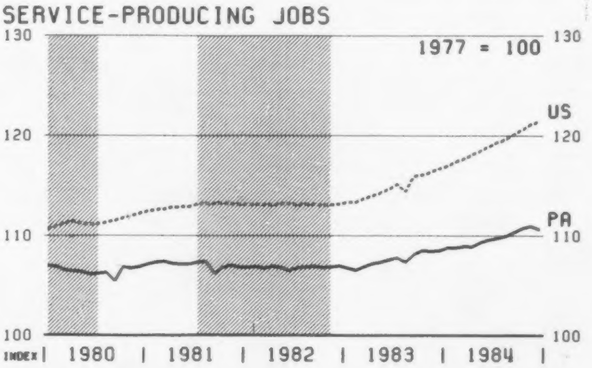
The average daily production of steel in the state rose through the first quarter of 1984, reaching 52,200 net tons in March. This was up from the recession low of 18,900 net tons in December 1982. But production declined in the latter three quarters of 1984; only 24,400 net tons per day were produced in December.

The state averaged 15.7 percent of total U.S. production in 1984 — about the same level as in 1983,


TOTAL EMPLOYMENT


UNEMPLOYMENT


MANUFACTURING JOBS


SERVICE-PRODUCING JOBS

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **February 1985**

but significantly below the more than 20 percent share prior to the 1980s. Furthermore, Pennsylvania's share of the national total slipped even further in the latter half of the year, falling to a low of 11.7 percent in November before rising to 12.6 percent at year's end.

In 1984, foreign steel accounted for a record 26 percent share of the domestic market. The Administration has made a series of agreements with major steel-exporting nations to hold imports to about 21 percent of the U.S. market this year. But this is still substantially more than the 18.5 percent market share that foreign producers captured in the preceding five years — a time when the U.S. industry declined precipitously.

To check the decline, the industry needs a substantial increase in U.S. steel consumption, but that is clearly not in the cards for 1985. Conditions are expected to improve only modestly for the U.S. steel industry and may not improve at all in the state. More raw steelmaking capacity will close down as the industry continues to restructure, and in remaining mills, we will see more cost-cutting efforts, including further employment reductions.

Other durable goods producers finally began to recover in 1984. But the upward momentum in these industries will surely slacken in 1985 as companies grapple with intense competition from low-priced imports and persistent overcapacity among U.S. manufacturers.

In addition, the possible overhaul of the U.S. tax code this year looms large over the fortunes of these industries. Any changes that reduce incentives for business investment will seriously slow sales. Although a short-run spurt may occur if the reforms look likely and buyers rush to beat any curtailment of accelerated depreciation allowances.

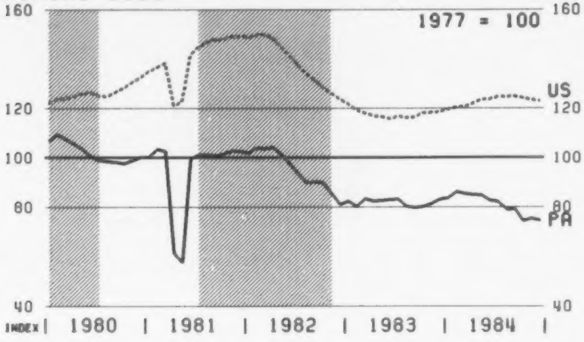
Nondurable goods. While Pennsylvania's durable goods industries have recovered some job losses, the state's nondurable goods sector has experienced no improvement from recession lows. The average job level in 1984 was unchanged from 1983.

Economic Activity in Pennsylvania				Seasonally Adjusted Indexes (1977 = 100)		
	1984		1983	1984		1983
	Nov.	*Dec.*	*Dec.*	*Nov.*	*Dec.*	*Dec.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,690.*	4,669.	4,605.	101.6*	101.4	100.1
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,571.*	3,557.	3,487.	109.6*	109.4	107.2
Manufacturing						
No. of wage and salaried jobs (thous.)	1,109.*	1,101.	1,115.	82.4*	82.0	83.1
Ave. wkly. hrs. worked by prod. workers	40.7*	40.4	40.2	102.2*	101.6	100.9
Total wkly. person-hours worked (mils.)	30.9*	30.4	30.8	79.5	78.7	79.9
Total wkly. payroll (mil. dols.)	292.8*	290.5	284.2	128.3*	127.5	124.6
Steel production (thous. tons)	790.*	755.	1,166.	41.	41.	62.
Industrial electric power sales (mil. kwh)	3,462.	3,385.	3,476.	96.	95.	98.
Mining						
Anthracite coal (thous. net tons)	376.	293.	359.	65.	61.	73.
Bituminous coal (thous. net tons)	3,819.	4,278.	5,308.	51.	62.	76.
Construction contracts awarded (mil. dols.)						
Total	829.1	393.3	456.4*	236.	146.	167.*
Residential building	238.4	125.9	169.5*	162.	128.	165.*
Other building	461.2	153.1	164.4*	333.	162.	171.*
Nonbuilding (utilities and public works)	129.5	114.3	122.5*	236.	157.	166.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,136.	5,139.	4,947.	104.7	106.7	102.8
Unemployed						
No. of persons (thous.)	455.	405.	562.	119.1	101.8	141.3
Rate (percentage of labor force)	8.1	7.3	10.2			
Rate, seasonally adjusted	8.7	7.4	10.4			
Civilian labor force, no. of persons (thous.)	5,591.	5,544.	5,509.	105.8	106.3	105.7
Initial claims for unemployment benefits	134,744.	172,723.	181,414.	92.9	89.1	93.3

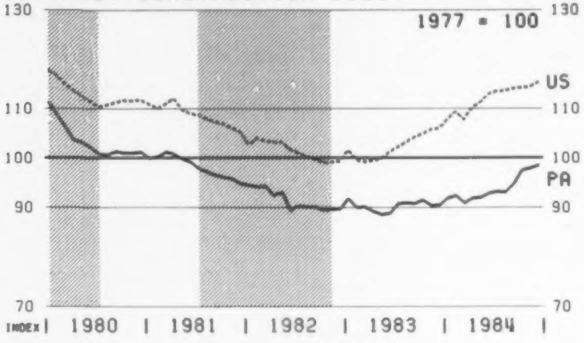
Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1984		1983	*Month*	*Year*
	Nov.	*Dec.*	*Dec.*	*Ago*	*Ago*
U.S. city average	315.3	315.5	303.5	+0.1	+4.0
Philadelphia	306.0	305.1	291.8	−0.3	+4.6
Pittsburgh	n.a.	322.1	314.3	n.a.	+2.5
Northeast PA	301.1	n.a.	288.5†	n.a.	+4.4

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for November 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

MINING JOBS



CONTRACT CONSTRUCTION JOBS



Furthermore, if we compare employment levels in December to those of one year earlier, we see a deterioration over the year. Last December's job total in the state's nondurable goods factories was 2.6 percent lower than the total twelve months earlier.

Nationally, nondurable goods factories averaged 3 percent more employees in 1984 than a year earlier. But the December 1984 job total was only 1.1 percent higher than the level in December 1983, showing that much of the gains made during the year had dissipated by year's end.

The big losers were producers of apparel and other textile products. Rising imports, coupled with lower-than-expected consumer spending and swollen inventories, contributed to the poor performance.

Last December 9,400 fewer Pennsylvanians were employed in apparel industries than a year earlier, and there were 2,300 fewer workers in textile mills and 2,000 fewer employees in leather and leather products factories.

In the face of aggressive competition, the state's food products manufacturers also trimmed their workforce over the year to the tune of 900 workers. The only industry in the nondurable group to mark an appreciable employment increase was printing and publishing, which gained 2,700 workers from December to December.

Because of the supercompetitive nature of the industries in this sector, their futures rest on their marketing abilities. Unsuccessful marketers may be in for further cutbacks before this year ends.

Mining

The expansive growth in the U.S. economy and the preparations of coal consumers for a possible work stoppage by the United Mine Workers of America spurred coal production in the first half of 1984. In the same vein, the slowdown in economic growth in the third quarter and the large stockpiles coal consumers built up were responsible for the decline in production in the latter half of the year.

Nevertheless, total U.S. production of bituminous coal increased an estimated 16.1 percent in 1984. In Pennsylvania, production of bituminous coal rose a smaller 8.1 percent while the amount of anthracite coal mined fell 1.8 percent to the lowest level on record.

The Appalachian region, which includes Pennsylvania, has supplied most of the metallurgical coal to the coke industry and much of the coal for the export market. With the steel industry still in the doldrums and the strong dollar keeping exports low, little improvement is expected in these markets this year.

In addition, the overcapacity in electrical power production, low oil prices and the uncertain outlook for capital spending will retard the coal conversion plans of power companies this year. Thus, only a small increase of around 1 percent in coal production both nationwide and in the state is expected by the Department of Commerce's Energy Information Administration.

Despite the increased production in 1984, no employment gains in Pennsylvania's mining sector were recorded. In fact, December's figures show almost 5,000 fewer bituminous coal miners employed in the state compared to one year earlier. The 4.4 percent increase in the national monthly average employment level for this industry group last year was concentrated in oil and gas extraction firms.

Construction

The industry group with the largest percentage gain in employment measured from both monthly averages for the year and December-to-December figures is contract construction. However, the progress in this sector must be viewed along with its large recession losses. In December, contract construction employment remained more than 11 percent below the average level prevailing in 1979, the year before the two most recent recessions.

Looking at the December figures, we see an over-the-year gain in construction jobs of almost 9 percent for both the U.S. and Pennsylvania. But the U.S. experienced its largest gains in the first half of the year, and the state had its largest gains in the second half. Thus, the U.S. average was 9.5 percent higher in 1984 than a year earlier while the state's average was only 4.2 percent higher.

High mortgage rates curbed the fast growth rates in housing starts seen in late 1983 and early 1984, but overall, 1984 was a good year for this sector. The value of residential building contracts awarded in Pennsylvania last year was 15.3 percent higher than the value for 1983. After adjustment for inflation, the rate was 11.3 percent. This compares to a small 4 percent real rate of growth nationally.

Because of lower mortgage rates, housing starts should pick up slightly in the first half of 1985, leveling off at about mid-year, when rates are expected to start edging up again. Earlier overbuilding and uncertainty over the Treasury Department's tax-revision plan, which would reduce many of the tax benefits of real estate investments, have dampened optimism among builders.

After a blockbuster 1984, nonresidential building contract awards are expected to slow significantly. The stock of plant and equipment has been growing faster than output and is expected to continue to do so through most of 1985 but at a much reduced rate.

The value of nonresidential construction contracts awarded in Pennsylvania in 1984 was ahead of the year earlier figure by a whopping 56.5 percent. Nationally, 1984 commercial and industrial building awards were a smaller 17.6 percent ahead of the 1983 value. After adjustment for inflation, the rates for the state and the U.S. were 51.2 percent and 13.5 percent, respectively.

The most striking difference in the pace of awards between the state and the nation last year was in the value of nonbuilding — utilities and public works — awards, which grew 43.6 percent in Pennsylvania and declined 5 percent in the nation. The inflation-adjusted rates were somewhat lower.

Transportation, Communications and Public Utilities

National and statewide growth in this sector was concentrated in transportation. Last year brought profits to many recently deregulated transportation industries. Some, though not all, airlines were profitable for the

Annual Review of Major Economic Indicators — Pennsylvania and the United States

	Pennsylvania			United States		
	Monthly Average 1983	Monthly Average 1984	Percentage Change	Monthly Average 1983	Monthly Average 1984	Percentage Change
No. of wage and salary jobs *(thous.)*						
All nonfarm industries	4,527	4,618	2.0	90,138	94,166	4.5
Goods-producing industries	1,300	1,328	2.2	23,394	24,903	6.5
Mining	39	39	0.0	957	999	4.4
Construction	166	173	4.2	3,940	4,315	9.5
Manufacturing	1,095	1,116	1.9	18,497	19,589	5.9
Durable goods	622	644	3.5	10,774	11,635	8.0
Primary metals	123	125	1.6	838	874	4.3
Nondurable goods	472	472	0.0	7,724	7,954	3.0
Service-producing industries	3,221	3,283	1.9	66,744	69,264	3.8
Transportation and public utilities	240	247	2.9	4,958	5,169	4.3
Wholesale trade	240	245	2.1	5,259	5,527	5.1
Retail trade	754	771	2.3	15,545	16,263	4.6
Finance, insurance, and real estate	242	251	3.7	5,467	5,665	3.6
Services and miscellaneous	1,071	1,097	2.4	19,665	20,666	5.1
Federal government	133	135	1.5	2,752	2,781	1.1
State and local government	541	539	– 0.4	13,099	13,192	0.7
Ave. wkly. hours worked by production workers						
All manufacturing industries	39.2	40.2	2.6	40.1	40.7	1.5
Durable goods	40.3	41.5	3.0	40.7	41.4	1.7
Primary metals	39.6	40.8	3.0	40.5	41.7	3.0
Nondurable goods	37.9	38.5	1.6	39.4	39.6	0.5
Total factory person-hours worked *(mils.)*	29.2	30.9	5.8	505.0	547.3	8.4
Total factory payrolls *(mil. dols.)*	262	289	10.3	4,459	5,020	12.6
Steel production *(thou. tons)*	1,083	1,198	10.6	7,051	7,628	8.2
Industrial electric power sales *(mil. kwh)*	3,382	3,634	7.5	n.a.	n.a.	n.a.
Mining						
Anthracite coal *(thou. net tons)*[1]	341	335	– 1.8			
Bituminous coal *(thou. net tons)*	5,478	5,923	8.1	59,231	68,782	16.1
Construction contracts awarded						
Total, current dollars *(mils.)*	411.5	556.8	35.3	16,133.6	17,488.4	8.4
Residential building	186.5	215.0	15.3	7,797.3	8,396.9	7.7
Nonresidential building	144.3	225.9	56.5	5,190.3	6,102.2	17.6
Nonbuilding (utilities and public works)	80.7	115.9	43.6	3,146.0	2,989.4	– 5.0
Total, constant 1977 dollars *(mils)*[2]	261.9	342.2	30.7	10,269.6	10,748.8	4.7
Residential building	118.7	132.1	11.3	4,963.3	5,161.0	4.0
Nonresidential building	91.8	138.8	51.2	3,303.8	3,750.6	13.5
Nonbuilding	51.4	71.2	38.5	2,002.5	1,837.4	– 8.2
Employed, no. of persons *(thous.)*	4,859	4,988	2.7	100,834	105,005	4.1
Unemployed						
No. of persons *(thous.)*	651	499	–23.3	10,717	8,539	–20.3
Rate *(percentage of labor force)*	11.8	9.1		9.6	7.5	
Civilian labor force, no. of persons *(thous.)*	5,510	5,487	– 0.4	111,550	113,544	1.8
Initial claims for unemployment benefits *(thous.)*	156	125	–19.9	1,889	1,616	–14.5
Consumer Price Index for All Urban Consumers, all items (1967 = 100)						
U.S. city average				298.4	311.1	4.3
Philadelphia	287.1	300.6	4.7			
Pittsburgh	308.4	319.0	3.4			
Northeast PA	283.1	295.9	4.5			

NOTE: All data are preliminary and are subject to revision. n.a. = data not available

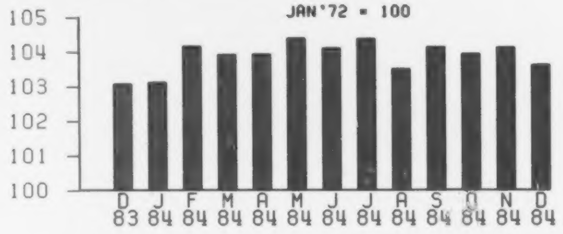
[1] Pennsylvania is the only state mining anthracite coal.

[2] Deflated by an estimated annual average of the U.S. Department of Commerce Monthly Composite Construction Cost Index.

Pennsylvania Composite Indexes

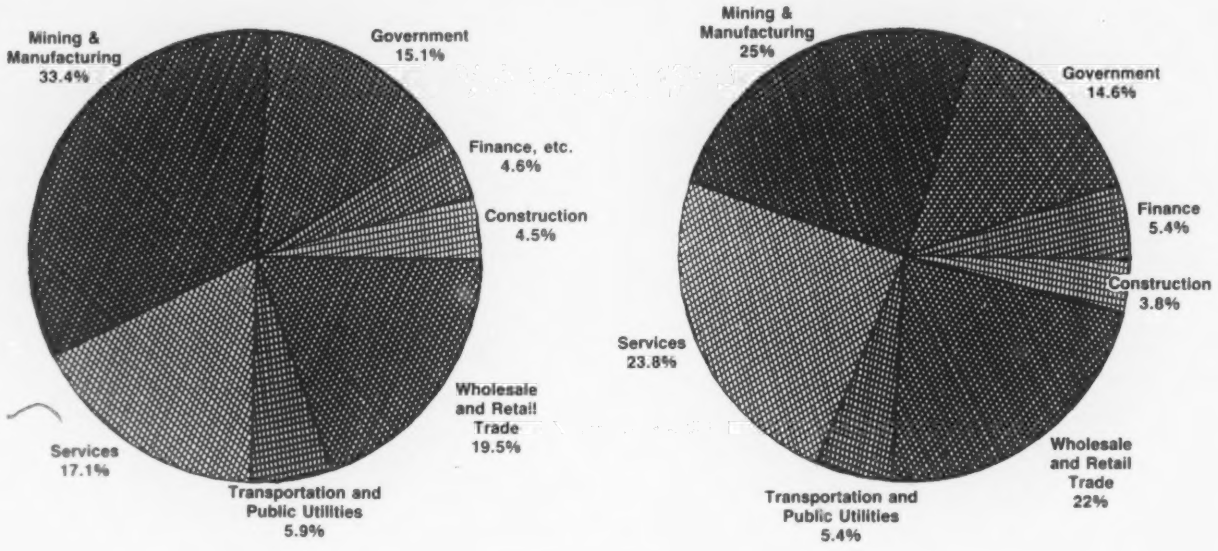
	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
December 1983	103.0	88.9	0.3	0.1
January 1984	103.0	89.0	0.0	0.1
February	104.2	89.2	1.2	0.2
March	103.9	89.0	−0.3	−0.2
April	104.0	89.1	0.1	0.1
May	104.4	89.5	0.4	0.4
June	104.1	90.0	−0.3	0.6
July	104.4	89.4	0.3	−0.7
August	103.5	88.4	−0.9	−1.1
September	104.1	88.9	0.6	0.6
October	103.9	88.9	−0.2	0.0
November	104.1	89.1	0.2	0.2
December	103.6	89.5	−0.5	0.4

Pennsylvania Composite Index of Leading Indicators



Nonfarm Industry Jobs, Pennsylvania

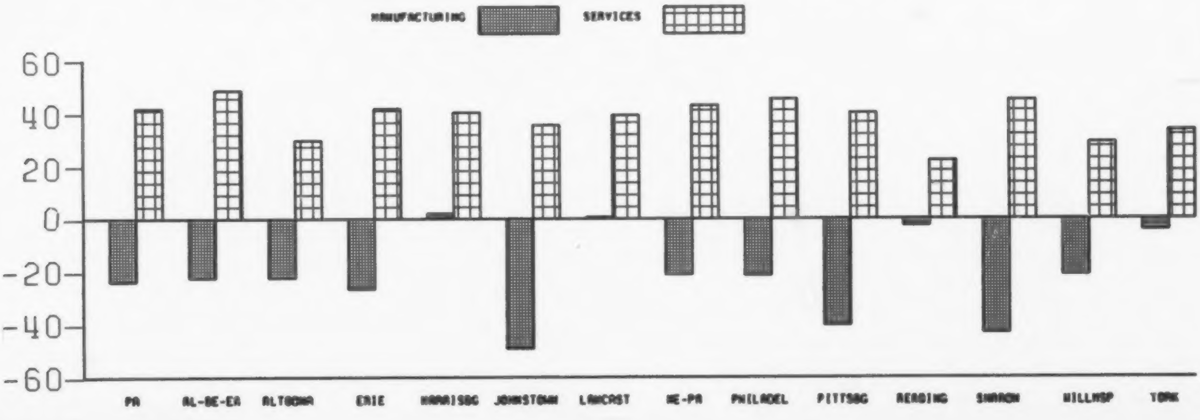
Percentage Distribution by Sector



1974

1984

Percentage Changes in Industrial Jobs, 1974-84



first time in many years while prosperity in trucking firms was widespread. With the expected slower pace of the economy in 1985, a shakeout in these industries is likely.

Employment in transportation industries, excluding railroads, rose by 5,700 workers in Pennsylvania from December to December. Pennsylvania's railroads, which are still hurting from the downswing in steel and coal production, lost 500 workers over the year.

The communications industry, which has been undergoing major transformations stemming from deregulation and the divestiture of AT&T, lost 900 jobs statewide. This year will be another one of turmoil for companies on both the equipment and transmission sides of the industry.

In 1984, the resurgent economy brought the level of sales of electricity to Pennsylvania's industries 7.5 percent above the 1983 level. However, most of the gains took place in the early months and had fizzled by the end of the year; sales in December of last year were 2.6 percent below the figure for December 1983. Despite the dip in sales, employment in electrical services nudged up slightly in the latter half of the year.

Demand for electricity is expected to resume its growth in 1984 as the economy fuels up again, but the rate of growth will be moderate. One reason is that cyclical industries, such as metals, which account for a major share of industrial power use, will continue to produce at depressed levels.

Wholesale and Retail Trade

Despite the dramatic third-quarter slowdown in sales, 1984 was a good year overall for retail trade. Retail sales rose 8.7 percent in Pennsylvania from November to November, the latest month for which we have data. This rise is roughly equivalent to the average percentage increase nationwide and is broken down into a 15.4 percent gain in sales of durable goods and a 5.9 percent gain in nondurable goods sales.

Continued income growth, lower interest rates, low inflation and the effects of higher stock market prices will encourage consumers to continue to spend this year, at least in the early months. New record sales and employment are expected.

Retail trade employment in Pennsylvania reached new highs last year. The average employment level in this industry group was 2.3 percent above the year earlier figure. Nationally, average retail trade employment rose 4.6 percent.

December-to-December gains in the state of 8,700 employees in department stores and other general merchandise establishments, 4,700 workers in auto dealerships and service stations and 1,500 workers in eating and drinking establishments were partially offset by declines of 3,000 workers in food stores, 2,100 employees in apparel and accessory stores and 2,400 workers in other retail establishments.

Wholesale trade employment also rose last year. Pennsylvania's gain of 2.1 percent in the average employment level for this industry group compares to a U.S. increase of 5.1 percent. Nationally employment gains were seen among both durable and nondurable goods dealers, but the December-to-December gain of 3,600 employees in Pennsylvania was solely among durable goods wholesalers.

Finance, Insurance and Real Estate

High interest rates and deregulation have served to expand the size and functions of financial institutions. With two large financial centers anchoring both ends of the state, Pennsylvania has a good hold on the national trends in this sector.

Percentage gains in the average employment level last year were roughly equivalent for the state and the nation. However, the gain from December 1983 to December 1984 was 4.4 percent for Pennsylvania compared to a smaller 3.7 percent gain in the U.S.

The state's banking industry gained 2,100 workers over the year while other financial institutions, including credit agencies and security and commodity brokers, gained 3,100 employees. Insurance carriers throughout the state had 4,000 more workers on their payrolls in December than they did one year earlier.

Services

Employment in service industries kept barrelling ahead in 1984, reaching new heights almost monthly. By October, more Pennsylvanians were employed in service industries than in manufacturing industries.

Industries in this group include health care services, private educational services, business services, recreational services, and legal and social services.

The largest number of jobs both in the state and nationwide were added in business services, which include advertising agencies, credit reporting and collection firms, direct mail companies, personnel agencies, building maintenance firms and computer and data processing companies. In Pennsylvania, these establishments together gained 15,400 employees from December 1983 to December 1984. Further growth is expected in 1985.

Health care services employment also grew in 1984, but the gains were concentrated in non-hospital services. Changes in Medicare reimbursement and corporate benefit programs have caused declines in hospital occupancy rates and, as a result, cutbacks in staffing. Pennsylvania's hospitals cut almost 6,000 employees from their payrolls over the year while non-hospital employment grew by more than 9,000 workers.

As the population of Pennsylvania ages, health care demand in the state is expected to grow and therefore lead to higher employment in this sector. Further cutbacks in hospital employment are expected in 1985, but the health care sector overall should gain.

Other service industries with expanded workforces in the state at the end of 1984 are legal services with 2,700 new workers, private education with 2,200 more employees, hotels and other lodging places with 2,000 new hires and social services with a gain of 1,900 workers.

— Norma I. Gavin

Around the State

Southeastern Quarter

Harrisburg

The Harrisburg area economy had a good year in 1984. The area continued to have the second lowest unemployment rate among the state's major metropolitan areas and gained a substantial number of jobs in both manufacturing and nonmanufacturing industries.

In the final quarter of last year, the seasonally adjusted number of area residents counted as unemployed was at its lowest level since the first quarter of 1980, and the seasonally adjusted unemployment rate fell to 4.9 percent, well below the national and state averages.

At the same time, total employment was at a new all-time high. There were over 20,000 more area residents employed at the end of the year than in 1979, the year before the two most recent recessions.

The majority of the job gains were in nonmanufacturing industries, which employed 2.4 percent more workers in the fourth quarter of 1984 than in the same quarter a year earlier.

The area's manufacturing industries also had a relatively good year in 1984. Despite a small setback in the fourth quarter, the average factory job level was 5.5 percent above the level prevailing in 1983.

Harrisburg's healthy economy was reflected in a 32 percent increase in the value of construction contracts awarded in 1984 for residential buildings and the value of commercial and industrial building awards that more than doubled last year.

A near 20 percent decline in the seasonally adjusted sales of electrical power to area industries in the fourth quarter is due to a new computer system for monitoring electrical usage, which was installed at the Bethlehem Steel Corporation plant.

Lancaster

The Lancaster area economy was thriving last year. Employment was at record levels, and the unemployment rate remained the lowest among the state's major metropolitan areas.

The average level of total resident employment in Lancaster during 1984 was 3.8 percent higher than it was one year earlier. In the fourth quarter of the year, 3,900 more area residents were employed than in the same quarter of 1983.

Despite a 1.1 percent increase in the seasonally adjusted labor force from the third to the fourth quarter of last year, the unemployment rate dropped to 4.6 percent, ending 1984 at its lowest rate in almost five years.

The job level in the area's manufacturing sector was relatively stable throughout 1984, averaging 3.4 percent higher than in 1983 but registering a gain of less than 1 percent from the fourth quarter of 1983 to the fourth quarter of 1984.

Nonmanufacturing industries in the area averaged 2.7 percent more jobs in 1984 than a year earlier. The fourth-quarter-to-fourth-quarter increase was a lower 1.2 percent because of a dip in employment in the middle of the year.

The seasonally adjusted index of industrial electric power sales, a measure of short-run changes in industrial activity, rose to a new quarterly high at the end of the year.

The value of construction contracts awarded in 1984 also showed substantial gains from 1983. Particularly strong were nonresidential building awards, which reflect investment decisions in new commercial buildings and industrial plants. The value of these awards was more than three times the value of similar contracts awarded in 1983.

The value of residential building contracts awarded in 1984 was 25 percent higher than the year earlier figure.

Harrisburg Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'84	*4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	237.9	117.	115.	114.
Unemployed, no. of residents	11.5	101.	116.	120.
Rate, seasonally adjusted	4.9			
Civilian labor force, no. of residents	249.4	115.	115.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	231.8	111.	111.	109.
Nonmfg. only, no. of jobs	190.0	113.	112.	110.
Mfg. only, no. of jobs	41.9	105.	106.	104
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	102.	101.	102.
Industrial electric power sales	***	80.	94.	95.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	Percentage Change *Year Ago*
Residential contracts only	26.2	− 17.	+ 22.
Nonresidential contracts only	46.1	− 58.	+ 1.

[1] Cumberland, Dauphin, and Perry Counties

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'84	*4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	186.3	116.	114.	114.
Unemployed, no. of residents	8.3	104.	129.	126.
Rate, seasonally adjusted	4.6			
Civilian labor force, no. of residents	194.6	116.	115.	115.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	159.0	111.	111.	110.
Nonmfg. only, no. of jobs	101.7	118.	117.	117.
Mfg. only, no. of jobs	57.0	100.	101.	99.
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	100.	100.	101.
Industrial electric power sales	***	121.	120.	116.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	Percentage Change *Year Ago*
Residential contracts only	36.5	− 11.	+ 7.
Nonresidential contracts only	41.6	+ 357.	+ 845.

[1] Lancaster County

Philadelphia

Expansion marked the Philadelphia area economy in 1984. The year ended with a record number of residents employed and the number of residents counted as unemployed at a 10-year low.

The average employment level in the area last year was 3.4 percent higher than in 1983 and 6.1 percent higher than it was in 1979, the year before the two most recent downturns.

The seasonally adjusted unemployment rate fell to 6.3 percent — Philadelphia's lowest quarterly rate since the third quarter of 1974.

Job gains were concentrated in the nonmanufacturing sector. In the fourth quarter of 1984, the seasonally adjusted job level in these industries registered its twelfth consecutive quarterly rise.

Employment in the area's manufacturing sector remained stalled at a level more than 13 percent below the 1979 average. The factory job level rose less than 1 percent from the fourth quarter of 1983 to the fourth quarter of 1984.

The index of industrial electric power sales was at the same level in the final quarter of 1984 as it was one year earlier. The index rose in the first quarter of last year but slipped in each of the following three quarters.

Philadelphia's construction industry remained healthy in 1984, with the value of residential building awards rising 21 percent from the 1983 level and the value of nonresidential building awards registering a 44 percent gain.

Annual Review of Major Economic Indicators — Metropolitan Areas

	Altoona		Erie		Harrisburg		Johnstown	
	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984
Local Industries								
No. of wage and salary jobs *(thous.)*								
All nonfarm industries	46.6	2.4	106.4	2.6	229.4	2.7	75.0	2.3
Manufacturing	11.2	4.7	35.7	4.7	42.2	5.5	12.4	0.8
Durable goods	5.0	4.2	26.4	6.5	20.9	10.0	7.1	2.9
Nondurable goods	6.2	5.1	9.3	1.1	21.3	1.4	5.4	0.0
Nonmanufacturing	35.4	2.0	70.1	0.9	187.2	2.2	62.3	2.1
Ave. wkly. hours worked by production workers								
Manufacturing	39.4	2.3	42.2	3.9	40.4	2.3	37.2	3.0
Durable goods	39.9	3.6	41.9	5.0	41.6	3.2	38.7	2.7
Nondurable goods	38.9	1.0	42.8	0.5	39.5	1.3	35.2	2.9
Industrial electric power sales index (1977 = 100)	84	7.7	91	13.8	89	2.3	146	71.8
Construction contracts awarded *(mil. dols.)*								
Residential building	1.7	6	3.5	20	10.0	32	3.6	−9
Nonresidential building	2.4	348	3.9	35	17.2	125	2.0	85
Employment of Residents								
Employed, no. of persons *(thous.)*	49.3	3.6	111.0	3.6	231.2	3.8	86.7	3.3
Unemployed								
No. of persons *(thous.)*	6.3	−31.5	12.2	−33.3	13.1	−22.5	14.5	−31.9
Rate *(percentage of labor force)*	11.4		9.9		5.4		14.3	
Civilian labor force, no. of persons *(thous.)*	55.6	−2.1	123.3	−1.7	244.4	2.0	101.2	−3.8

	Lancaster		Lehigh Valley		Northeast PA		Philadelphia	
	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984
Local Industries								
No. of wage and salary jobs *(thous.)*								
All nonfarm industries	156.7	3.0	254.2	2.3	235.3	1.1	1967.6	2.2
Manufacturing	57.1	3.4	89.4	2.1	63.8	3.9	393.7	1.5
Durable goods	33.2	3.8	44.9	8.5	26.3	5.2	209.2	3.0
Nondurable goods	23.9	3.0	44.5	−3.7	37.5	3.0	184.5	−0.1
Nonmanufacturing	99.6	2.7	164.7	2.4	171.4	0.2	1572.5	2.5
Ave. wkly. hours worked by production workers								
Manufacturing	40.0	1.8	39.4	4.0	37.6	0.8	40.1	2.0
Durable goods	41.3	2.7	42.7	4.7	41.5	0.2	41.2	2.5
Nondurable goods	38.4	0.8	36.3	1.4	35.1	0.6	38.7	0.5
Industrial electric power sales index (1977 = 100)	120	10.1	105	2.9	104	6.1	100	3.1
Construction contracts awarded *(mil. dols.)*								
Residential building	12.8	25	16.3	14	11.6	24	90.6	21
Nonresidential building	5.2	237	21.0	126	9.5	104	102.4	44
Employment of Residents								
Employed, no. of persons *(thous.)*	180.8	3.8	282.2	3.3	261.5	2.1	2107.9	3.4
Unemployed								
No. of persons *(thous.)*	9.4	−25.4	27.3	−26.2	32.1	−8.8	152.7	−18.8
Rate *(percentage of labor force)*	4.9		8.8		10.9		6.8	
Civilian labor force, no. of persons *(thous.)*	190.2	1.8	309.5	−0.2	293.6	0.8	2260.6	1.5

NOTE: All data are preliminary and are subject to revision.
*Average of monthly figures.

Reading

1984 brought only good news to the Reading area economy. Employment levels rose to new record highs, as did the seasonally adjusted index of industrial electric power sales — a measure of short-run changes in industrial activity.

The average level of total employment in Reading was 5.1 percent higher in 1984 than in 1983, and the jobless rate dropped 2.6 percentage points to 7.2 percent. In the final quarter of 1984, the seasonally adjusted unemployment rate was an even lower 6.9 percent.

Reading had the largest percentage increase in nonmanufacturing jobs among the state's major metropolitan areas. The area's fourth-quarter job level in these industries was more than 8 percent higher than it was in 1979.

The area's manufacturing industries employed 5.7 percent more workers on average in 1984 than in 1983. But the third-quarter dip in the seasonally adjusted factory job level was not fully recovered by year's end.

No slowing in industrial activity was evident in sales of electricity to industrial users in the Reading area. The seasonally adjusted index for this measure rose to its highest level ever in the fourth quarter of last year.

The area continued to be built up. The value of residential building contracts awarded in 1984 was 34 percent higher than in 1983 while the value of nonresidential building awards rose 82 percent.

	Pittsburgh		Reading		Sharon		State College	
	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984
Local Industries								
No. of wage and salary jobs *(thous.)*								
All nonfarm industries	856.7	−0.2	141.7	4.3	39.9	0.5	47.8	3.2
Manufacturing	159.1	−4.7	52.3	5.7	10.9	1.9	7.8	6.8
Durable goods	121.3	−5.2	31.4	11.0	9.7	2.1	5.4	10.2
Nondurable goods	37.8	−3.3	20.9	−1.4	1.2	9.1	2.4	0.0
Nonmanufacturing	696.6	0.9	89.4	3.6	29.0	0.0	40.0	2.6
Ave. wkly. hours worked by production workers								
Manufacturing	41.1	3.8	40.6	1.8				
Durable goods	41.3	4.3	42.0	1.9				
Nondurable goods	40.2	2.0	38.7	1.0				
Industrial electric power sales index (1977 = 100)	74	10.4	126	11.5	108	0.9	104	11.8
Construction contracts awarded *(mil. dols.)*								
Residential building	33.7	10	6.6	34	1.6	−11	3.9	20
Nonresidential building	39.0	14	5.5	82	1.6	52	2.8	84
Employment of Residents								
Employed, no. of persons *(thous.)*	890.1	0.8	152.2	5.1	44.5	1.8	48.8	4.3
Unemployed								
No. of persons *(thous.)*	111.8	−24.0	11.8	−25.3	6.3	−34.4	4.3	−23.2
Rate *(percentage of labor force)*	11.2		7.2		12.4		8.0	
Civilian labor force, no. of persons *(thous.)*	1001.8	−2.8	164.0	2.1	50.8	−4.7	53.1	1.5

	Williamsport		York	
	1984*	Percentage Change 1983-1984	1984*	Percentage Change 1983-1984
Local Industries				
No. of wage and salary jobs *(thous.)*				
All nonfarm industries	45.4	4.6	153.4	2.8
Manufacturing	15.2	9.4	58.3	4.1
Durable goods	8.4	6.3	36.1	7.1
Nondurable goods	6.8	13.3	22.2	−0.4
Nonmanufacturing	30.2	2.7	94.7	2.6
Ave. wkly. hours worked by production workers				
Manufacturing	39.5	1.5	41.5	2.0
Durable goods	40.2	1.3	42.2	1.7
Nondurable goods	38.6	1.8	40.3	1.0
Industrial electric power sales index (1977 = 100)	105	16.7	102	8.5
Construction contracts awarded *(mil. dols.)*				
Residential building	1.1	15	8.3	26
Nonresidential building	2.1	158	3.8	35
Employment of Residents				
Employed, no. of persons *(thous.)*	47.2	5.4	166.7	3.7
Unemployed				
No. of persons *(thous.)*	5.7	−24.0	14.7	−28.3
Rate *(percentage of labor force)*	10.9		8.1	
Civilian labor force, no. of persons *(thous.)*	52.9	1.1	181.4	0.1

NOTE: All data are preliminary and are subject to revision.
*Average of monthly figures.

York

Employment conditions improved substantially in the York area economy in 1984. Spurred by growth in durable goods factories and the nonmanufacturing sector, total employment rose to new record highs.

In the final quarter of 1984, the seasonally adjusted number of employed area residents rose above the pre-recession high and was 3.3 percent above the employment level in the same quarter of 1983.

At the same time, the seasonally adjusted unemployment rate fell to 7.1 percent — a four-year low and one of the lowest among the metropolitan areas in the state.

The job level in York's nonmanufacturing industries was unchanged in the fourth quarter after seasonal adjustment. But the third-quarter level was an all-time high and more than 5 percent above the level prevailing in 1979, the year before the two most recent recessions.

York's durable goods factories also registered employment gains in 1984. The fourth-quarter job level was 3.4 percent higher than the level in the final quarter of 1983.

But the nondurable goods factories continued to reduce their workforce. In the final quarter of the year, the job level in these industries was more than 3 percent below the level in the final quarter of 1983.

The seasonally adjusted index of industrial electric power sales also showed no growth at year end but had averaged 8.5 percent higher in 1984 than in 1983.

Building activity in York continued to advance last year. The value of residential construction contracts awarded in 1984 rose 26 percent from the year earlier figure while the increase in nonresidential building awards was 35 percent.

Northeastern Quarter

Lehigh Valley

Economic trends in the Lehigh Valley area last year were fairly typical for the state. Gains were seen in average employment levels for both manufacturing and nonmanufacturing industries. But while the number of factory jobs had leveled off by the end of the year, other sectors continued to gain.

Total employment rose 3.3 percent in 1984 from 1983 in the Allentown-Bethlehem-Easton metropolitan area, close to the 2.7 percent gain statewide.

Furthermore, the seasonally adjusted unemployment rate in the Lehigh Valley area was down to 8.6 percent in the fourth quarter of last year compared to 8.4 percent in Pennsylvania. Both rates had been 10.4 percent in the fourth quarter of 1983.

The average factory job level in both the state and the metropolitan area last year rose about 2 percent from the year earlier averages but remained only 80 percent of their 1979 levels.

On the other hand, job levels in nonmanufacturing industries, which were more than 2 percent above the

Philadelphia Area[1]

	Ave. mo. value *4 Q.'84*	Average monthly index seas. adj. (1977 = 100) *4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	2,160.0	112.	111.	110.
Unemployed, no. of residents	131.8	78.	94.	96.
Rate, seasonally adjusted	6.3			
Civilian labor force, no. of residents	2,291.8	109.	109.	109.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,996.6	108.	108.	106.
Nonmfg. only, no. of jobs	1,600.4	115.	114.	112.
Mfg. only, no. of jobs	395.7	88.	88.	88.
Hrs. worked by production workers in mfg., *ave. weekly*	40.8	102.	101.	100.
Industrial electric power sales	***	99.	99.	99.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	264.6	– 17.	– 7.
Nonresidential contracts only	413.8	+ 35.	+ 81.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value *4 Q.'84*	Average monthly index seas. adj. (1977 = 100) *4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	158.6	115.	112.	112.
Unemployed, no. of residents	10.2	124.	144.	137.
Rate, seasonally adjusted	6.9			
Civilian labor force, no. of residents	168.8	167.	165.	164.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	145.3	109.	107.	106.
Nonmfg. only, no. of jobs	92.1	113.	111.	109.
Mfg. only, no. of jobs	52.9	102.	102.	101.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	103.	103.	105.
Industrial electric power sales	***	128.	124.	124.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	22.7	+ 14.	+ 59.
Nonresidential contracts only	12.1	+ 25.	+ 49.

[1] Berks County

York Area[1]

	Ave. mo. value *4 Q.'84*	Average monthly index seas. adj. (1977 = 100) *4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	172.4	114.	112.	111.
Unemployed, no. of residents	11.4	129.	159.	180.
Rate, seasonally adjusted	7.1			
Civilian labor force, no. of residents	183.8	115.	115.	115.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	155.8	108.	109.	106.
Nonmfg. only, no. of jobs	96.5	116.	116.	113.
Mfg. only, no. of jobs	58.5	97.	98.	96.
Hrs. worked by production workers in mfg., *ave. weekly*	41.6	100.	100.	101.
Industrial electric power sales	***	103.	102.	101.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	22.9	– 15.	+ 34.
Nonresidential contracts only	10.1	– 30.	– 9.

[1] Adams and York Counties

1983 averages in Pennsylvania and the Lehigh Valley area, were substantially above pre-recession highs.

The seasonally adjusted index for industrial electric power sales in the metropolitan area, which had been at the same level in the third quarter of 1984 as it was in the fourth quarter of 1983, rose 2.9 percent in the final quarter of 1984.

The value of residential construction awards rose a moderate 14 percent in the Lehigh Valley area last year, but the value of nonresidential building awards more than doubled from the year earlier figure, showing a substantial investment by area businesses.

Northeast

The Northeast metropolitan area economy ended 1984 on an upbeat. The fourth-quarter improvement in employment conditions followed a mid-year setback.

After falling almost 1 percent in the third quarter of 1984, seasonally adjusted total employment in Northeast, Pennsylvania, rose 3 percent in the final quarter to the highest level recorded for the area.

At the same time, the seasonally adjusted unemployment rate plunged to 9.8 percent of the labor force after climbing to 12.5 percent in the previous quarter.

The nonfarm industry job level, which had been essentially unchanged in the first three quarters of 1984, rose a seasonally adjusted 1.2 percent in the fourth quarter but remained below the level prevailing in 1979.

The drag on employment came from the manufacturing sector. The factory job level was 2.1 percent higher in the fourth quarter of 1984 than it was four quarters earlier, but it remained 13 percent below the 1979 average.

Although the nonmanufacturing job gains over the year were small, employment in these industries ended the year at its highest quarterly level ever and was 1.8 percent above the 1979 average.

Lehigh Valley Area[1]

	Ave. mo. value 4 Q.'84	Average monthly index seas. adj. (1977 = 100) 4 Q.'84	3 Q.'84	4 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	288.1	104.	102.	102.
Unemployed, no. of residents	24.7	125.	147.	147.
Rate, seasonally adjusted	8.6			
Civilian labor force, no. of residents	312.8	106.	105.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	256.5	100.	99.	98.
Nonmfg. only, no. of jobs	167.6	112.	111.	110.
Mfg. only, no. of jobs	88.8	82.	83.	82.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	103.	103.	100.
Industrial electric power sales				
Metropolitan area	***	108.	105.	105.
Allentown	***	102.	101.	99.
Bethlehem	***	114.	108.	110.
Easton	***	102.	103.	104.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	47.6	− 8.	+ 37.
Nonresidential contracts only	170.3	+483.	+868.

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

The seasonally adjusted index of sales of electricity to area industries ended the year down, falling 1.5 percent in the fourth quarter after falling 0.8 percent in the third quarter. However, it remained above the fourth-quarter level of 1983.

Last year was very good for the building industries in Northeast, Pennsylvania. The value of nonresidential building contracts awarded in 1984 was double the value of a year ago while the value of residential building awards increased a relatively strong 24 percent.

Williamsport

Although full recovery still eluded the Williamsport area economy in 1984, significant strides forward were made.

The area experienced the greatest percentage gain in total employment among the state's major metropolitan areas last year. The increase in the seasonally adjusted number of area residents employed in the final quarter of 1984 was the seventh consecutive quarterly rise and brought it to its highest point since the first quarter of 1980.

The jobless rate in Williamsport dropped to a seasonally adjusted 9.6 percent in the fourth quarter from 11.3 percent in the third quarter and 12.9 percent in the fourth quarter of 1983.

Northeast Area[1]

	Ave. mo. value 4 Q.'84	Average monthly index seas. adj. (1977 = 100) 4 Q.'84	3 Q.'84	4 Q.'83
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	268.6	108.	104.	105.
Lackawanna County[2] only	95.6	108.	104.	105.
Luzerne County[3] only	143.9	108.	104.	105.
Unemployed, no. of residents				
Northeast metropolitan area	28.4	102.	135.	121.
Rate, seasonally adjusted	9.8			
Lackawanna County[2] only	8.1	84.	108.	104.
Luzerne County[3] only	17.8	114.	152.	130.
Civilian labor force, no. of residents				
Northeast metropolitan area	297.0	107.	108.	107.
Lackawanna County[2] only	103.6	105.	105.	105.
Luzerne County[3] only	161.7	108.	109.	108.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	237.5	102.	101.	101.
Nonmfg. only, no. of jobs	173.8	107.	106.	106.
Mfg. only, no. of jobs	63.7	90.	89.	88.
Hrs. worked by production workers in mfg., *ave. weekly*	37.6	104.	103.	104.
Industrial electric power sales				
Northeast metropolitan area	***	103.	104.	101.
Lackawanna County[2] only	***	106.	106.	100.
Luzerne County[3]	***	96.	97.	96.
Hazleton	***	88.	89.	87.
Wilkes-Barre	***	100.	101.	100.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	33.7	−11.	+22.
Nonresidential contracts only	34.7	−23.	+29.

[1] Lackawanna, Luzerne, and Monroe Counties

[2] Includes Scranton

[3] Includes Wilkes-Barre and Hazleton

The area's percentage gain in the factory job level was also the largest among the state's major metropolitan areas. But although the number of factory jobs was more than 9 percent higher in the fourth quarter of 1984 than it was in the fourth quarter of 1983, the seasonally adjusted factory job level remained 14.4 percent below the level prevailing in 1979, the year before the two most recent recessions.

The seasonally adjusted job level in nonmanufacturing industries in the Williamsport area exceeded the 1979 average in the third quarter of last year but made no further gains in the final quarter.

The seasonally adjusted index of industrial electric power sales, which reflects short-run changes in industrial output, slipped a little in the fourth quarter but remained only slightly below the all-time high of the third quarter.

Businesses were investing in the area's future last year, with the value of construction contracts for commercial and industrial buildings more than two and a half times the 1983 value.

The value of construction contracts for housing in the Williamsport area rose 15 percent in 1984 — the average rate for the state.

Northwestern Quarter

Erie

1984 marked significant progress toward economic recovery in the Erie area. However, in contrast to other metropolitan areas in the state whose recoveries were led by the nonmanufacturing sector, the greatest employment gains in Erie took place in manufacturing industries.

Approximately 1,700 workers were added to factory payrolls in the Erie area from the fourth quarter of 1983 to the fourth quarter of 1984. During this time, the area's nonmanufacturing industries gained only 300 workers.

But the manufacturing sector remained the farthest away from pre-recession employment levels. At the end of 1984, factory employment was still almost 20 percent below the 1979 average while nonmanufacturing employment was less than 2 percent short of its 1979 average.

Total employment averaged 3.6 percent higher in 1984 than in 1983, and on a seasonally adjusted basis, was at its highest level since the first quarter of 1982.

The seasonally adjusted unemployment rate fell to 9 percent in the fourth quarter of last year from 12.6 percent in the same quarter of 1983.

Sales of electricity to industrial users in the area fell in the fourth quarter of 1984 after surging in the third quarter but remained almost 13 percent above the fourth-quarter level in 1983.

The value of contract construction awards rose from a year earlier, but the increase was not as large as in other metropolitan areas of the state. Residential building awards were 20 percent ahead of the year earlier value

Williamsport Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'84	*4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	48.8	104.	102.	99.
Unemployed, no. of residents	4.6	110.	132.	150.
Rate, seasonally adjusted	8.7			
Civilian labor force, no. of residents	53.4	105.	105.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	46.1	100.	99.	95.
Nonmfg. only, no. of jobs	30.5	108.	107.	105.
Mfg. only, no. of jobs	15.6	87.	86.	80.
Hrs. worked by production workers in mfg., *ave. weekly*	39.6	100.	102.	99.
Industrial electric power sales	***	109.	110.	91.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	*Quarter Ago*	*Year Ago*
Residential contracts only	2.5	– 39.	0.
Nonresidential contracts only	3.4	+ 209.	+ 55.

[1] Lycoming County

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'84	*4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	113.6	102.	101.	99.
Unemployed, no. of residents	10.6	121.	137.	174.
Rate, seasonally adjusted	9.0			
Civilian labor force, no. of residents	124.2	103.	104.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	107.0	96.	97.	95.
Nonmfg. only, no. of jobs	70.9	104.	106.	104.
Mfg. only, no. of jobs	36.1	84.	82.	80.
Hrs. worked by production workers in mfg., *ave. weekly*	42.6	102.	103.	98.
Industrial electric power sales	***	95.	98.	84.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	*Quarter Ago*	*Year Ago*
Residential contracts only	12.9	– 4.	+ 148.
Nonresidential contracts only	10.1	– 47.	– 24.

[1] Erie County

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'84	*4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	45.7	94.	92.	91.
Unemployed, no. of residents	5.3	137.	156.	188.
Rate, seasonally adjusted	11.0			
Civilian labor force, no. of residents	51.0	97.	96.	99.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	40.4	88.	88.	87.
Nonmfg. only, no. of jobs	29.3	101.	100.	100.
Mfg. only, no. of jobs	10.8	66.	68.	65.
Industrial electric power sales	***	106.	106.	110.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	*Quarter Ago*	*Year Ago*
Residential contracts only	4.3	– 39.	– 51.
Nonresidential contracts only	2.1	– 57.	+ 24.

[1] Mercer County

while nonresidential building awards were 35 percent higher.

Sharon

Although some progress was made, the Sharon area economy remained in the doldrums last year.

Total employment averaged 1.8 percent higher in 1984 than a year earlier, and the fourth-quarter level was 2.9 percent higher than it was in the same quarter of 1983.

Furthermore, the seasonally adjusted unemployment rate for the Sharon metropolitan area was 3.8 percentage points lower in the final quarter of 1984 compared to one year earlier.

But employment remained below pre-recession levels, and the jobless rate at 11 percent was still in double digits.

The area's manufacturing sector continued to operate with less then two-thirds of the number of workers employed in 1979, the year before the two most recent recessions. A small 1.9 percent increase in the average factory job level was recorded in 1984.

In addition, Sharon was the only metropolitan area in the state with no employment gains over the year in nonmanufacturing industries.

Much of the recession losses in industrial electric power sales had been regained. But by the end of 1984, sales were slipping again.

Nevertheless, businesses continued to increase spending on commercial and industrial buildings. The value of nonresidential building awards rose 52 percent last year from the year earlier figure.

On the other hand, spending on housing construction in the Sharon metropolitan area declined last year. The value of residential building contracts awarded in 1984 was 11 percent below the value of awards in 1983.

Southwestern Quarter

Altoona

1984 was a good year for Altoona's recession-damaged economy. Total employment rose 3.6 percent from the 1983 average, and the seasonally adjusted jobless rate fell to 9.9 percent in the final quarter, down from 13.2 percent in the final quarter of 1983.

Employment gains were made in both manufacturing and nonmanufacturing industries. The average factory job level in 1984 was 4.7 percent higher than in 1983 while the job level in nonmanufacturing establishments rose 2 percent.

Despite the gains, Altoona's economy continued to operate at reduced levels. At the end of 1984, the total nonfarm industry job level was still almost 10 percent below the level prevailing in 1979.

Most of the gains in industrial electric power sales made during 1984 had dissipated by year's end. In the fourth quarter of last year, the seasonally adjusted index for this measure was only 2 percent higher than the figure for the fourth quarter of 1983.

Business spending on commercial and industrial buildings was brisk last year. The value of nonresidential building contracts awarded in 1984 was almost four and a half times the value in 1983.

On the other hand, residential building awards rose a meager 6 percent in value from a year earlier.

Johnstown

The Johnstown area economy showed little improvement in 1984. Only modest job gains took place in the area's nonmanufacturing industries while the workforce in its factories had slipped back by year's end.

Last year's average employment level in Johnstown's nonmanufacturing sector was 2.1 percent higher than it was in 1983. But the fourth-quarter figure was less than 1 percent above the fourth-quarter figure in the earlier year, showing little net gain in the four quarters of 1984.

Altoona Area[1]

	Ave. mo. value 4 Q.'84	Average monthly index seas. adj. (1977 = 100) 4 Q.'84	3 Q.'84	4 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	50.5	97.	95.	93.
Unemployed, no. of residents	5.4	142.	156.	180.
Rate, seasonally adjusted	9.9			
Civilian labor force, no. of residents	55.9	100.	100.	100.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.0	92.	92.	89.
Nonmfg. only, no. of jobs	35.7	94.	94.	92.
Mfg. only, no. of jobs	11.3	86.	85.	84.
Hrs. worked by production workers in mfg.; *ave. weekly*	39.4	104.	103.	103.
Industrial electric power sales	***	82.	85.	81.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	3.3	– 60.	– 6.
Nonresidential contracts only	22.6	+ 160.	+ +.

[1] Blair County

Johnstown Area[1]

	Ave. mo. value 4 Q.'84	Average monthly index seas. adj. (1977 = 100) 4 Q.'84	3 Q.'84	4 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	89.0	91.	88.	89.
Unemployed, no. of residents	13.7	129.	142.	152.
Rate, seasonally adjusted	13.9			
Civilian labor force, no. of residents	102.7	94.	94.	95.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	75.8	86.	86.	85.
Nonmfg. only, no. of jobs	63.0	94.	95.	93.
Mfg. only, no. of jobs	12.3	59.	57.	61.
Hrs. worked by production workers in mfg., *ave. weekly*	36.3	93.	93.	96.
Industrial electric power sales	***	140.	152.	105.

Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	8.7	– 19.	+ 32.
Nonresidential contracts only	2.5	– 55.	+ 79.

[1] Cambria and Somerset Counties

Similarly, the factory job level averaged slightly higher in 1984 than in 1983, but the fourth-quarter figure showed a drop of 3.1 percent from the same quarter in 1983.

Nevertheless, total resident employment showed a net gain of 1.8 percent over the four quarters of 1984, and the seasonally adjusted unemployment rate in the final quarter of the year had dropped to 13.9 percent from 15.7 percent at the end of 1983.

The decline in unemployment was not enough to change Johnstown's distinction of having the highest jobless rate among the state's metropolitan areas.

Construction activity picked up for commercial and industrial builders but slowed for housing contractors. The value of nonresidential building contracts awarded in 1984 was 85 percent higher than the 1983 value while residential building awards declined 9 percent in value.

Pittsburgh

The Pittsburgh area economy underwent further change in 1984 as its traditional manufacturing base continued to contract and nonmanufacturing industries registered modest gains.

Over the four quarters of 1984, the Pittsburgh economy gained 8,000 nonmanufacturing jobs, an increase of 1.1 percent from the fourth-quarter level in 1983. But these gains were not enough to offset the loss of 14,200 jobs in the area's factories.

The seasonally adjusted unemployment rate remained in double digits but had fallen to 10.2 percent by the fourth quarter of 1984 — its lowest level since the first quarter of 1982.

The average factory employment level in 1984 was 4.7 percent below the 1983 level and nearly 38 percent below the 1979 average. Furthermore, factory employment was still headed down at the end of the year. In the fourth quarter, almost 9 percent fewer workers were employed in Pittsburgh's factories than in the same quarter of 1983.

Pittsburgh Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'84	*4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	907.6	98.	97.	98.
Unemployed, no. of residents	97.6	157.	186.	200.
Rate, seasonally adjusted	10.2			
Civilian labor force, no. of residents	1,005.2	102.	103.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	857.7	94.	94.	94.
Nonmfg. only, no. of jobs	705.3	106.	106.	104.
Mfg. only, no. of jobs	151.3	61.	63.	66.
Hrs. worked by production workers in mfg., *ave. weekly*	41.4	102.	100.	100.
Industrial electric power sales	***	67.	72.	74.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	*Quarter Ago*		*Year Ago*
Residential contracts only	93.8	− 9.		+ 12.
Nonresidential contracts only	129.7	+ 5.		+ 83.

[1] Allegheny, Beaver, Washington, and Westmoreland Counties

The decline in industrial activity was also reflected in the level of sales of electricity to area industries. The seasonally adjusted index of industrial electric power sales fell 5.9 percent in the fourth quarter after falling 10.6 percent in the third quarter. Sales were back down to the level registered in the second quarter of 1983.

Gains in the building industries were also disappointing last year. The value of residential building contracts awarded in the Pittsburgh area rose a relatively small 10 percent from 1983 and nonresidential building awards rose only 14 percent. This compares to statewide increases of 15 percent and 57 percent for residential and nonresidential awards, respectively.

State College

The State College metropolitan area economy flourished in 1984. Total resident employment rose to its highest level ever, exceeding 50,000 workers in the fourth quarter. At the same time, the number of residents counted as unemployed was down to 7.8 percent of the labor force from 9.2 percent in the fourth quarter of 1983.

Area factories were operating at historically high employment levels last year, with an average job level 6.8 percent higher than the 1983 average. State College was the only major metropolitan area in the state with a larger factory workforce in 1984 than in 1979, the year before the two most recent recessions.

State College also registered the largest percentage gain from pre-recession levels in nonmanufacturing employment among the state's metropolitan areas. In the fourth quarter of last year, the seasonally adjusted nonmanufacturing job level was 15 percent higher than the 1979 average.

Industrial electric power sales in the State College area is a volatile series. Therefore, the fourth-quarter dip in the index from the record highs of the middle two quarters is very likely temporary and does not indicate any decline in industrial activity. The seasonally adjusted index of industrial electric power sales averaged 11.8 percent higher in 1984 than in 1983.

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	4 Q.'84	*4 Q.'84*	*3 Q.'84*	*4 Q.'83*
Employment *(in thousands)*				
Employed, no. of residents	51.4	121.	119.	116.
Unemployed, no. of residents	4.0	157.	173.	184.
Rate, seasonally adjusted	7.8			
Civilian labor force, no. of residents	55.4	124.	122.	120.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	49.5	119.	119.	116.
Nonmfg. only, no. of jobs	41.8	119.	119.	116.
Mfg. only, no. of jobs	7.8	122.	121.	117.
Industrial electric power sales	***	101.	106.	100.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 4 Q.'84	*Quarter Ago*		*Year Ago*
Residential contracts only	7.7	− 37.		+ 15.
Nonresidential contracts only	22.0	+ 349.		+ 511.

[1] Centre County

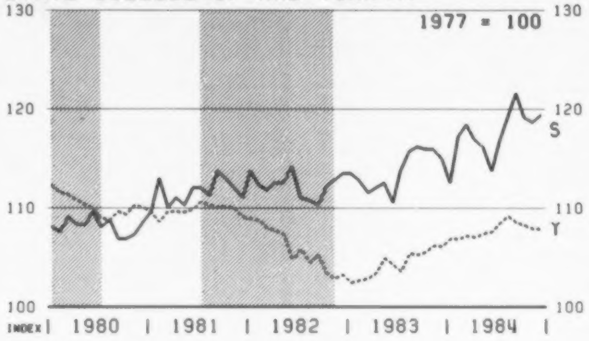
Area Graphs

Total Nonfarm Industry Jobs

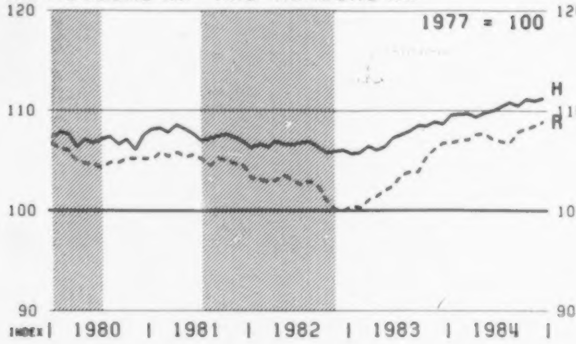
Seasonally Adjusted Indexes

(1977 = 100)

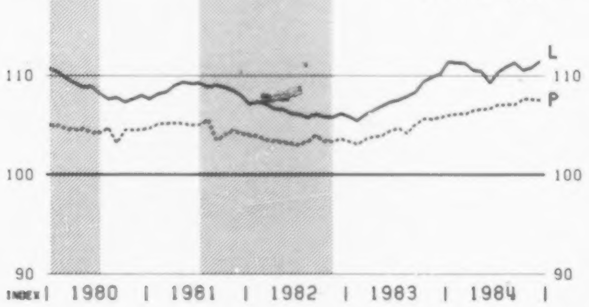
STATE COLLEGE (S) AND YORK (Y)



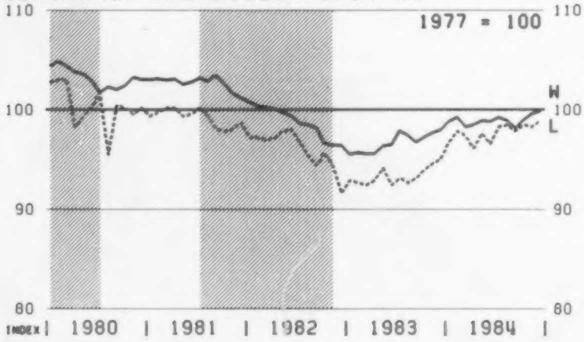
HARRISBURG (H) AND READING (R)



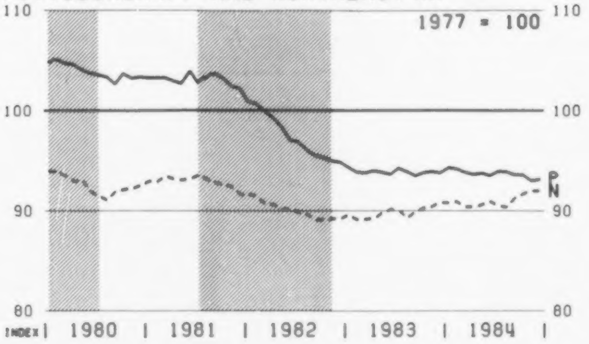
LANCASTER (L) AND PHILADELPHIA (P)



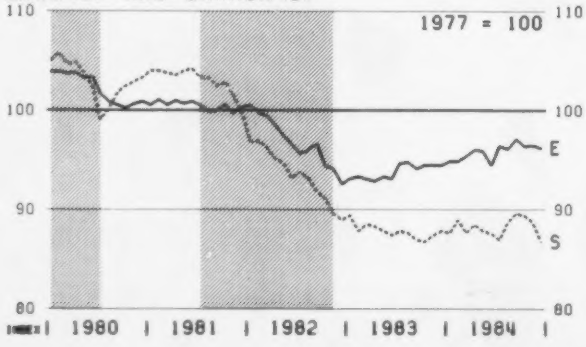
LEHIGH (L) AND WILLIAMSPORT (W)



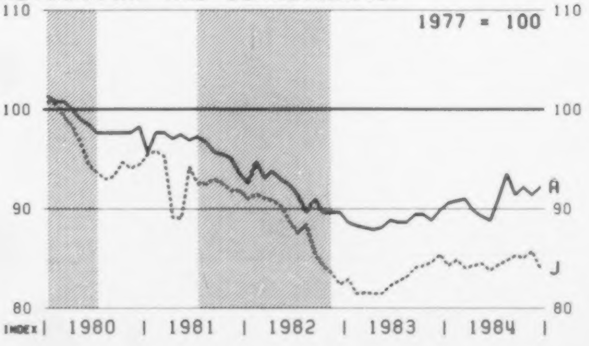
PITTSBURGH (P) AND NORTHEAST (N)

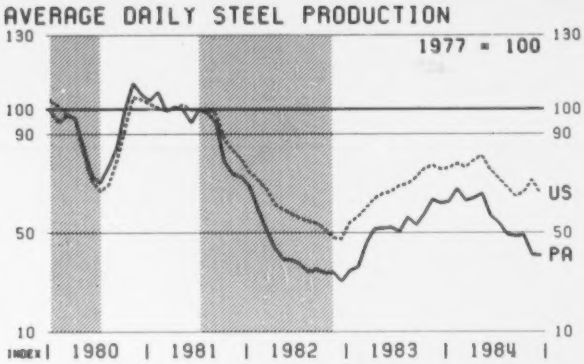


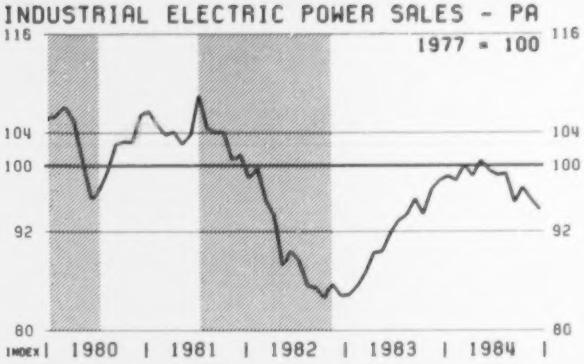
ERIE (E) AND SHARON (S)



ALTOONA (A) AND JOHNSTOWN (J)







The construction industry also marked substantial gains in the State College area last year. The value of residential building contracts awarded in 1984 was 20 percent above the year earlier figure while nonresidential building awards were 84 percent higher in value than contracts awarded in 1983.

— *Norma I. Gavin*

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Conservative Growth Continues into the New Year

Modest improvement was made in the Pennsylvania economy in January; declines in job levels and contract construction awards were less than the usual seasonal drops, and orders for steel mill products finally began to improve.

Employment typically declines from December to January as the temporary holiday work force is laid off and the colder weather slows construction activity.

Both the survey of households and the survey of business establishments show employment declines in the state last January. But while the household survey shows a more than seasonal decline in the number of employed Pennsylvanians, the establishment survey shows a slightly less than seasonal decline in nonfarm industry jobs.

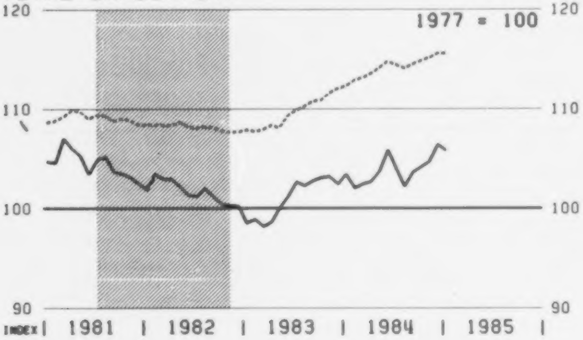
Differences occur in the two surveys because of their different sampling frames. The household survey, although based on a smaller sample, reflects a larger segment of the population. The establishment survey excludes agriculture, the self-employed and private household workers.

The household survey's more than seasonal decline in employment is probably a statistical adjustment of its overstrong showing in December. The 0.7 percent drop in the seasonally adjusted level of total resident employment in January follows a 1.6 percent gain in December. Furthermore, the seasonally adjusted unemployment rate, derived from the household survey, fell a whole percentage point in December but rose only 0.1 of a percentage point in January.

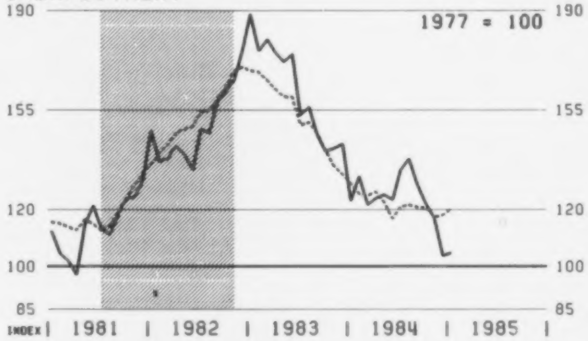
The January household data show much improved employment conditions from a year earlier. Total employment was 2.2 percent higher in January than in the same month a year earlier, and the seasonally adjusted unemployment rate was down to 7.7 percent from 9.1 percent.

The establishment survey shows employment declines in all major nonfarm industry groups, except mining and wholesale trade. The declines were led by drops of 37,600 employees in retail trade establishments, 17,400 construction workers, and 15,800 persons working in the various service industries, including 8,100 education

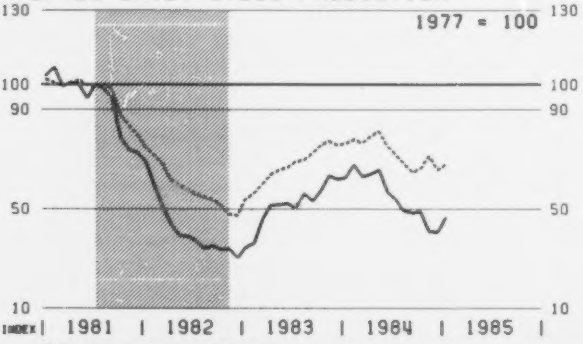
TOTAL EMPLOYMENT



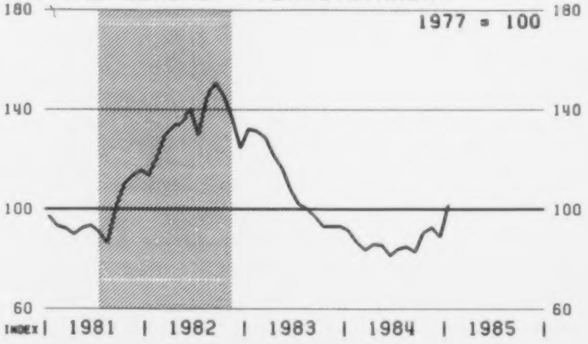
UNEMPLOYMENT



AVERAGE DAILY STEEL PRODUCTION



INITIAL CLAIMS - PENNSYLVANIA



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PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **March 1985**

Economic Activity in Pennsylvania	1984-85		1984	Seasonally Adjusted Indexes (1977 = 100) 1984-85		1984
	Dec.	*Jan.*	*Jan.*	*Dec.*	*Jan.*	*Jan.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,730.	4,633.	4,509.	102.7	103.2	100.6
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,612.	3,522.	3,402.	111.1	111.5	107.8
Manufacturing						
No. of wage and salaried jobs (thous.)	1,109.	1,101.	1,105.	82.6	83.1	83.4
Ave. wkly. hrs. worked by prod. workers	40.3	39.3	39.9	101.4	100.0	101.6
Total wkly. person-hours worked (mils.)	30.7	29.6	30.3	79.7	78.6	80.3
Total wkly. payroll (mil. dols.)	290.9	279.7	278.5	127.7	126.4	125.7
Steel production (thous. tons)	755.	994.	1,339.	41.	46.	63.
Industrial electric power sales (mil. kwh)	3,385.	3,458.	3,655.	95.	94.	99.
Mining						
Anthracite coal (thous. net tons)	293.	298.	284.	61.	67.	66.
Bituminous coal (thous. net tons)	4,278.	n.a.	5,609.†	64.	n.a.	82.†
Construction contracts awarded (mil. dols.)						
Total	393.3	346.1	361.2*	146.	164.	162.*
Residential building	125.9	124.6	91.0*	128.	193.	142.*
Other building	153.1	168.1	172.7*	162.	170.	182.*
Nonbuilding (utilities and public works)	114.3	53.4	97.4*	157.	98.	172.
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,140.	4,946.	4,840.	106.4	105.6	103.4
Unemployed						
No. of persons (thous.)	405.	468.	542.	103.9	105.1	123.1
Rate (percentage of labor force)	7.3	8.6	10.1			
Rate, seasonally adjusted	7.6	7.7	9.1			
Civilian labor force, no. of persons (thous.)	5,545.	5,414.	5,382.	106.3	105.8	105.1
Initial claims for unemployment benefits	172,723.	212,971.	192,531.	89.1	101.8	91.7

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984-85		1984	Percentage Change	
	Dec.	*Jan.*	*Jan.*	*Month Ago*	*Year Ago*
U.S. city average	315.5	316.1	305.2	+0.2	+3.6
Philadelphia	305.1	306.3	294.4	+0.4	+4.0
Pittsburgh	322.1	n.a.	314.3†	n.a.	+2.5
Northeast PA	n.a.	301.5	291.0	n.a.	+3.6

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for December 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

workers. However, these declines were typical for the time of year.

The only major nonfarm industry groups with more than seasonal drops in employment were transportation services and government. The decline in government employment was concentrated in state and local education jobs, which fell by 11,600 workers. The losses in both private and public education employment are expected to be regained when the new school terms start.

Mining employment was unusually low in the fourth quarter of 1984 because of reduced demand for coal as users wore down stockpiles built up in anticipation of a strike by the United Mine Workers. But coal production started to improve in December. The seasonally adjusted level of bituminous coal mined in the state jumped 22.6 percent that month. (January's data had not been released at the time of this writing.)

The increased production brought workers back into the mines and onto the payrolls. The number of mining jobs in Pennsylvania rose a seasonally adjusted 5.3 percent in January.

The increase in wholesale trade employment was concentrated in durable goods and may be related to January's revival in steel production. The seasonally adjusted average daily production of steel in the state rose 14.3 percent in January. This increase was only the second in an eight-month period.

The state's share of total domestic production rose to 14.2 percent in January from December's 12.6 percent but was still below the 15.5 percent average of last year.

Although the decline in overall manufacturing employment in January was short of the usual seasonal decline, the number of hours worked in the state's factories declined more than expected.

Total weekly person-hours worked declined in both durable and nondurable goods factories, bringing payrolls

Continued on back page

Income Gains Moderate in Third Quarter

Pennsylvania Trails Nation in Most Sectors

Incomes continued to rise in the third quarter of last year, but at a slightly lower rate than in the first two quarters. Total personal income in Pennsylvania rose 1.8 percent at a seasonally adjusted annual rate in the third quarter, compared to increases of 2.1 percent and 2.5 percent in the first and second quarters, respectively.

Personal income is current income received by persons from all sources — that is, from participation in production, from government and business transfer payments and from government interest.

Nonfarm personal income increased in all 50 states in the third quarter. Pennsylvania's quarterly increase of 1.7 percent was exceeded by 28 states while the state's over-the-year increase of 7.9 percent ranked only 43rd.

Because farm income is subject to erratic changes, it is preferable to use nonfarm personal income rather than total personal income to track current economic developments across the states.

The third-quarter percentage increase in current-dollar personal income exceeded the increase in consumer prices and therefore represented a gain in purchasing power and economic well-being. Consumer prices, as measured by the implicit price deflator for personal consumption expenditures, rose 1.0 percent.

Payroll declines of 1.5 percent in durable goods manufacturing, 1.2 percent in mining and a slight 0.2 percent in retail trade kept the growth rate in labor and proprietors income in Pennsylvania one-half percentage point below the national increase of 1.7 percent.

Pennsylvania's quarterly percentage increases in construction, nondurable goods manufactures and government payrolls were significantly higher than the nation's. But the only major industry group in the state with both quarterly and over-the-year percentage gains in income greater than the national average increases was the finance, insurance and real estate group.

While gains in labor and proprietors income moderated in the third quarter, income from dividends, interest and rent continued to rise at an increasing rate. Income from these sources rose 4.4 percent in the third quarter in both the state and the nation, after rising 3.5 percent and 4.1 percent for both areas in the first and second quarters, respectively.

Gains in transfer payments were conservative at 0.5 percent in Pennsylvania and 0.8 percent in the nation. The difference was due to Pennsylvania's greater percentage decline in state unemployment insurance disbursements.

— *Norma I. Gavin*

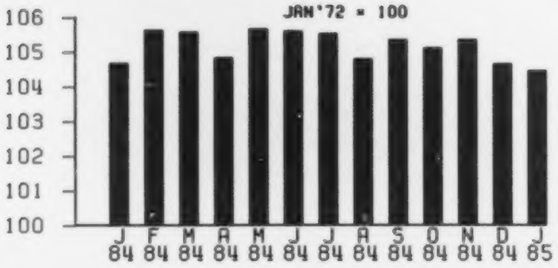
Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
	1984 III *(mil. dols.)*	Percentage Change *Quarter Ago*	*Year Ago*	1984 III *(mil. dols.)*	Percentage Change *Quarter Ago*	*Year Ago*
Labor and proprietors income by place of work	102,347	1.3	8.3	2,160,485	1.7	10.2
By type						
Wage and salary disbursements	84,990	1.2	7.3	1,807,906	1.5	8.8
Other labor income	10,562	1.2	11.2	198,008	2.4	12.6
Proprietors income	6,795	1.9	17.8	154,571	3.1	25.2
By industry						
Farm	875	10.9	61.1	39,243	10.4	68.0
Nonfarm	101,472	1.2	8.0	2,121,242	1.5	9.5
Private	87,813	0.9	9.1	1,767,809	1.5	10.1
Ag. serv., for., fish., and other	263	5.2	5.2	8,890	4.8	6.4
Mining	1,443	−1.2	17.2	36,258	1.9	14.5
Construction	5,032	3.2	7.7	116,425	1.2	11.2
Manufacturing	30,083	−0.5	9.7	513,783	1.0	9.8
Nondurable goods	10,770	1.5	5.8	186,423	0.3	6.3
Durable goods	19,313	−1.5	12.0	327,360	1.4	11.9
Transportation and public utilities	7,754	1.2	9.1	166,385	2.3	11.0
Wholesale trade	6,300	2.5	9.6	144,917	2.4	10.5
Retail trade	8,968	−0.2	4.4	202,942	0.5	7.2
Finance, insurance, and real estate	6,065	2.3	12.6	140,829	2.0	10.7
Services	21,905	2.0	9.3	437,382	1.9	10.8
Government	13,660	3.2	1.3	353,434	1.5	6.4
Federal, civilian	3,538	2.0	3.6	78,524	1.1	3.4
Federal, military	634	1.3	12.4	37,138	0.3	6.9
State and local	9,488	3.8	−0.2	237,772	1.9	7.4
Total personal income	148,398	1.8	8.1	3,032,708	2.1	10.2
Nonfarm personal income	147,523	1.7	7.9	2,993,465	2.0	9.7
Net labor and proprietors income[1]	95,088	1.3	8.3	2,026,987	1.7	10.2
Dividends, interest and rent	28,101	4.4	14.7	586,636	4.4	15.2
Transfer payments	25,209	0.5	0.9	419,085	0.8	3.8

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, January 1985.

Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

Pennsylvania Composite Index of Leading Indicators



down from the previous month's level and just slightly above the level one year earlier. After adjustment for inflation, total weekly payrolls in manufacturing industries were 3.1 percent lower in January of this year than in the same month last year.

The sluggishness in the state's manufacturing industries was reflected in the level of industrial electric power sales. January's increase in this measure was just short of the usual seasonal rise, bringing the level of sales 4.3 percent below where it stood one year earlier.

Awards for contract construction were also not as strong in the first month of 1985 as they were one year earlier. The value of all construction contracts awarded in Pennsylvania was 4.2 percent below the value of contracts awarded in January 1984.

The biggest drop was in the nonbuilding (utilities and public works) category; these awards were little more than half their January 1984 value. However, because of the volatile nature of nonbuilding awards, they could very well bounce back up in the following months.

At the same time, awards for the construction of commercial and industrial buildings dropped a modest 2.7 percent while residential building awards leaped 36.9 percent above the year-earlier figure and, after seasonal adjustment, registered an all-time high.

The gain in seasonally adjusted residential awards partially offset the negative influence on the Pennsylvania Index of Leading Indicators of the drop in the average length of the factory workweek and the rise in initial claims for unemployment compensation. The index fell a modest 0.2 percent in January, after falling 0.7 percent in December.

New claims of unemployment insurance typically rise in January because it is the first month of both the quarter and the calendar year when many layoffs take place. This January's increase was larger than usual and brought the seasonally adjusted index of initial claims up to its highest level since July 1983.

The insured unemployment rate — the percentage of all insured workers receiving unemployment benefits — rose to 5.6 percent in the week ending January 26, up from 4.7 percent in the week ending December 29. The increase brought Pennsylvania back on the list of the 10 states with the highest rates.

— Norma I. Gavin

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Economy Flat in February

Favorable Forecast for Following Months

Coincident economic indicators for February show the Pennsylvania economy maintaining previously attained levels while making few further advances. But leading indicators promise growth in the months to follow.

The Pennsylvania Composite Index of Coincident Indicators slipped a slight 0.2 percent in February. Two of the three components of the index fell: slight declines in total resident employment and the manufacturing job level were tempered by a small gain in real weekly earnings of factory workers.

The index is heavily weighted by the manufacturing sector and, therefore, may not appropriately reflect the counterbalancing strength of the state's service sector.

We are looking for improving economic conditions in the spring. The Pennsylvania Composite Index of Leading Indicators, which typically moves up or down before general economic activity, rose a whole percentage point in February following a revised increase of 0.3 percent in January.

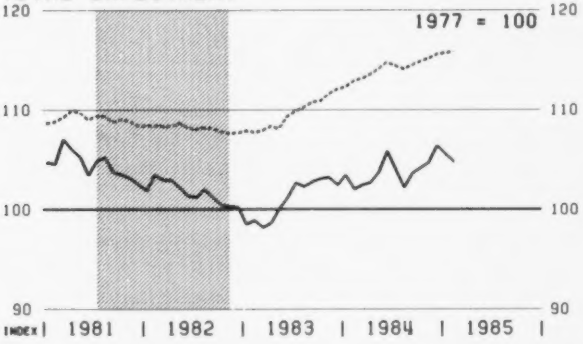
All three components of the index — average weekly hours worked in manufacturing industries, the value of residential building contract awards and new claims for unemployment compensation — contributed to February's increase, which was the largest percentage gain in the index since March 1983.

Total resident employment fell in February for the second consecutive month. Employment typically falls in January and February, but this year's declines were slightly more than usual. Nevertheless, the number of employed Pennsylvanians remained 2.6 percent above the level of a year earlier.

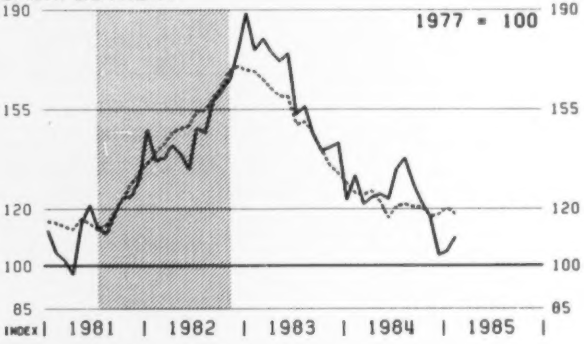
At the same time, the number of unemployed state residents rose, and the number of residents participating in the labor force dropped. Together these two shifts brought the seasonally adjusted unemployment rate up to 8.2 percent from 7.7 percent in January.

The establishment survey suggests that the state's economy was flat in February. The survey shows no net gains in the total job level. The decline in the factory job level, coupled with a more than seasonal drop in

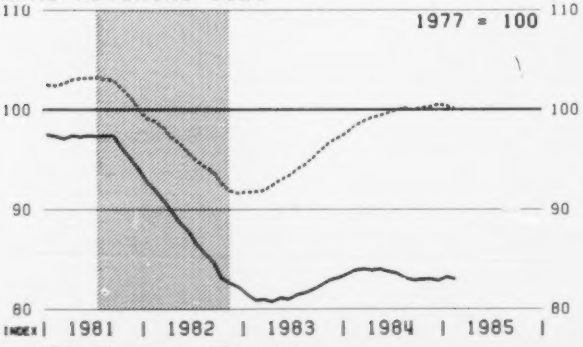
TOTAL EMPLOYMENT



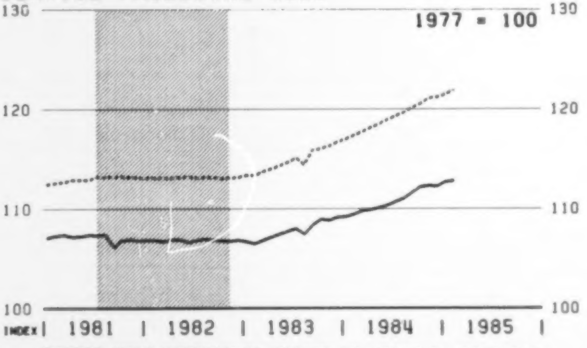
UNEMPLOYMENT



MANUFACTURING JOBS



SERVICE-PRODUCING JOBS



KEY: PA ——— US ....

SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **April 1985**

construction employment, offset seasonally adjusted gains in mining, transportation, public utilities, wholesale trade and service industries.

Furthermore, despite the slight 0.3 percent decline in the seasonally adjusted factory job level, manufacturing activity remained essentially unchanged in February: total weekly person-hours worked were the same as in January after seasonal adjustment.

The small gain in the average weekly earnings of factory workers increased total weekly payrolls by a seasonally adjusted 0.7 percent in February, but no improvement was registered against the year-earlier figure. In addition, after adjustment for inflation, manufacturing payrolls show a 3.6 percent drop from February to February.

Sales of electricity to industrial users, which is used as a gauge of short-run changes in industrial activity, rose a seasonally adjusted 4.6 percent. February's increase regained much of the loss in electrical power sales incurred during the second half of 1984. But some of the strength in sales was due to unusually cold weather and therefore is temporary.

Pennsylvania's steel mills further increased their average daily output a seasonally adjusted 2.1 percent in February after an increase of 14.7 percent in January. Total national steel production rose only the usual seasonal amount in February, which brought Pennsylvania's share of domestic production up to 14.8 percent from 14.3 percent a month earlier.

Producers have been cautious, waiting for signs of enforcement of the steel trade agreements. Inventories of steel mill shapes were at historically low levels in 1984, averaging only 25.8 million short tons, three-fourths of the 1977 average. The only lower annual average in recent history was the 23.7 million short tons in 1983.

Like steel production, coal production in the state improved early this year but remained at historically low levels. After seasonal adjustment, 7.3 percent more bituminous coal was mined in Pennsylvania during

Continued on back page

Economic Activity in Pennsylvania				Seasonally Adjusted Indexes (1977 = 100)		
	1985		1984	1985		1984
	Jan.	*Feb.*	*Feb.*	*Jan.*	*Feb.*	*Feb.*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,627.*	4,626.	4,531.	103.3	103.3	101.1
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,524.	3,526.	3,414.	111.6	111.7	108.2
Manufacturing						
No. of wage and salaried jobs (thous.)	1,101.	1,099.	1,111.	83.2	83.0	83.9
Ave. wkly. hrs. worked by prod. workers	39.3	39.6	40.2	100.4	101.0	102.5
Total wkly. person-hours worked (mils.)	29.7*	29.8	30.7	79.0*	79.1	81.5
Total wkly. payroll (mil. dols.)	281.0*	282.9	283.5	127.2*	128.1	128.3
Steel production (thous. tons)	999.*	1,015.	1,493.	47.	48.	68.
Industrial electric power sales (mil. kwh)	3,458.	3,653.	3,762.	94.	99.	98.
Mining						
Anthracite coal (thous. net tons)	298.	295.	249.	67.	73.	59.
Bituminous coal (thous. net tons)	4,558.	n.a.	5,438.†	69.	n.a.	84.†
Construction contracts awarded (mil. dols.)						
Total	346.1	316.0	297.9*	164.	200.	172.*
Residential building	124.6	138.1	112.3*	193.	239.	188.*
Other building	168.1	130.4	117.2*	170.	226.	186.*
Nonbuilding (utilities and public works)	53.4	47.4	68.5*	98.	86.	120.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,946.	4,883.	4,757.	105.6	104.8	102.0
Unemployed						
No. of persons (thous.)	468.	501.	586.	105.1	110.0	131.6
Rate (percentage of labor force)	8.6	9.3	11.0			
Rate, seasonally adjusted	7.7	8.2	9.8			
Civilian labor force, no. of persons (thous.)	5,414.	5,384.	5,343.	105.6	105.2	104.3
Initial claims for unemployment benefits	212,971.	113,932.	112,169.	101.8	92.1	86.8

Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1985		1984	*Month*	*Year*
	Jan.	*Feb.*	*Feb.*	*Ago*	*Ago*
U.S. city average	316.1	317.4	306.6	+0.4	+3.5
Philadelphia	306.3	309.2	296.4	+0.9	+4.3
Pittsburgh	n.a.	323.8	315.5	n.a.	+2.6
Northeast PA	301.5	n.a.	291.0†	n.a.	+3.6

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for January 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania's Female-male Unemployment Margin

Effects of Changes in Industry Employment

In 1982, the U.S. male unemployment rate exceeded the female rate for the first time since these data were recorded beginning in 1947.[1] The male jobless rate stayed above the female rate in 1983 but dropped below it again in 1984. For Pennsylvania, the reversal in unemployment rates occurred one year earlier and persisted through 1984.

This reversal marks a significant change in the relationship between male and female unemployment rates. Because men tend to be concentrated in goods-producing industries (manufacturing, mining and construction) which are most sensitive to the business cycle, the female-male unemployment rate differential narrows during recessions and widens during recoveries.

But the recent reversal in unemployment rates is a result not only of the severe 1981-82 recession but also of the secular growth differentials among industries. Between 1972 and 1984, employment in Pennsylvania grew most rapidly in those industries which employ the highest proportions of women — service industries, finance, insurance and real estate industries, and trade industries.

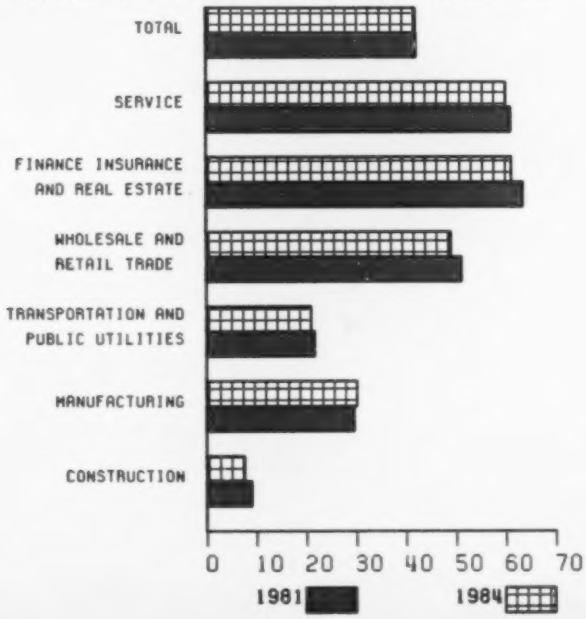
This trend in industry growth rates has been a major cause of the reversal in the male and female unemployment rates and would have had a greater impact had there not also been shifts in the female-male employment composition within industries and a more rapidly expanding female labor force compared to the male labor force.

Some of the unemployed male factory workers have obtained employment in the service-producing sector while others have left the work force. Both of these changes cause the male unemployment rate to be lower than it would have been in their absence and therefore have moderated the magnitude of the differential in male jobless rates over female rates.

Employment in Pennsylvania by Sex

	1981	1982	1983	1984
Unemployment Rates				
Male	8.8	12.3	13.3	9.3
Female	7.8	9.0	9.7	8.8
Labor Force Participation Rates				
Male	74.7	73.4	73.7	72.5
Female	47.5	48.1	47.6	48.0

PERCENTAGE OF FEMALE WORKERS IN PENNSYLVANIA



Whether employment trends continue to improve the unemployment situation of women relative to men depends to a large extent on the future growth rates of industries with a higher concentration of women versus those with a higher concentration of men. The growth rates among industries between 1984 and 1990 implied by the Pennsylvania Office of Employment Security projections of employment show the goods-producing sector with the greater relative growth and therefore do not suggest further continued improvement of the unemployment rate of women relative to men's.[2]

However, these projections were based on data that did not fully account for the recent contraction in the state's manufacturing industries and therefore overstate the growth rate in this sector. In addition, they do not reveal interindustry mobility or labor force mobility patterns.

Thus, the future trend of the female-male unemployment rate differential is not clear. However, the most plausible scenario is for the male rate to continue to move closer to the female rate and drop below it if the current cyclical recovery lasts long enough, and for the female rate to again be lower than the male rate in the next recession.

— *Norma I. Gavin*

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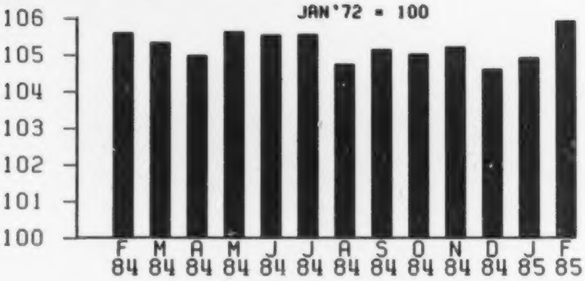
[1] DeBoer, Larry and Michael Seeborg, "The Female-male Unemployment Differential: Effects of Changes in Industry Employment," *Monthly Labor Review* (November 1984), pp. 8-15.

[2] Pennsylvania Office of Employment Security, *Pennsylvania Industry Trends and Outlook — 1980 and Projected 1990*, (Fall 1983).

Employment in Pennsylvania by Major Industry Group

	1984 Average Employment	Percentage Change 1972-84	Percentage Change Projected 1984-90
Construction	175.7	-13.5	16.1
Manufacturing	1,101.0	-23.8	17.2
Transportation and Public Utilities	246.2	-7.4	25.0
Wholesale and Retail Trade	1,032.8	20.8	10.4
Finance, Insurance and Real Estate	253.5	26.4	8.5
Services	1,108.3	50.0	13.4
Total	4,653.4	5.6	11.3

Pennsylvania Composite Index of Leading Indicators



January compared to a month earlier, but production was still 16.2 percent below the year-earlier figure. Anthracite coal production was unchanged for the second consecutive month. But since lowered production levels are typical in January and February, the seasonally adjusted level rose 9.9 percent in January and 8.9 percent in February.

Employment in Pennsylvania's mines did not drop as much as expected in February, which brought the seasonally adjusted index for this measure to its highest level since November 1982.

The seasonally adjusted level of employment in construction industries dipped in February for only the second time since May 1983. However, February's drop is a temporary hold up; awards for future construction projects continued strong that month.

February is historically a slow month for contract construction awards, but it was not as slow as expected this year or last year. The seasonally adjusted value of total contract awards rose 22.4 percent in February from January and was 16.2 percent above the February 1984 value.

Residential building awards rose a seasonally adjusted 24.1 percent during February while nonresidential awards were up 33.2 percent. The only major structure class to decline that month was the highly volatile nonbuilding category, which fell 12.3 percent after seasonal adjustment.

Construction is not the only major industry group expected to have employment gains this spring. Two broader-based leading employment indicators reversed their poor January showing in February.

The seasonally adjusted index of initial claims for unemployment compensation dropped to 92.1 after rising above 100 in January for the first time in 17 months. A value of 100 is given to the average level prevailing in 1977.

Also, average weekly hours worked by production workers in both durable and nondurable goods factories increased in February. The length of the factory workweek had slipped in December and January. This measure is considered a leading employment indicator because businesses will first increase the hours worked by current employees before hiring new workers.

Finally, inflation continued to stay under control nationwide while heating up somewhat in the Philadelphia area, where much of the state's economic growth has been concentrated.

— *Norma I. Gavin*

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Rising Imports Impact on Economy

Manufacturing Contracts But Services Expand

A flood of imports hit the United States in the first quarter, holding down growth in real gross national product to a surprisingly low 0.7 percent. But most economists believe that, without some unexpected shock to the economy, the growth rate will rebound somewhat in the second quarter.

The rise in imports primarily affected the manufacturing sector; the service sector continued to grow at a healthy pace. This pattern was quite evident in Pennsylvania. By March, employment in manufacturing industries in the state was 2.2 percent lower than one year earlier while employment in service industries had grown 4.6 percent.

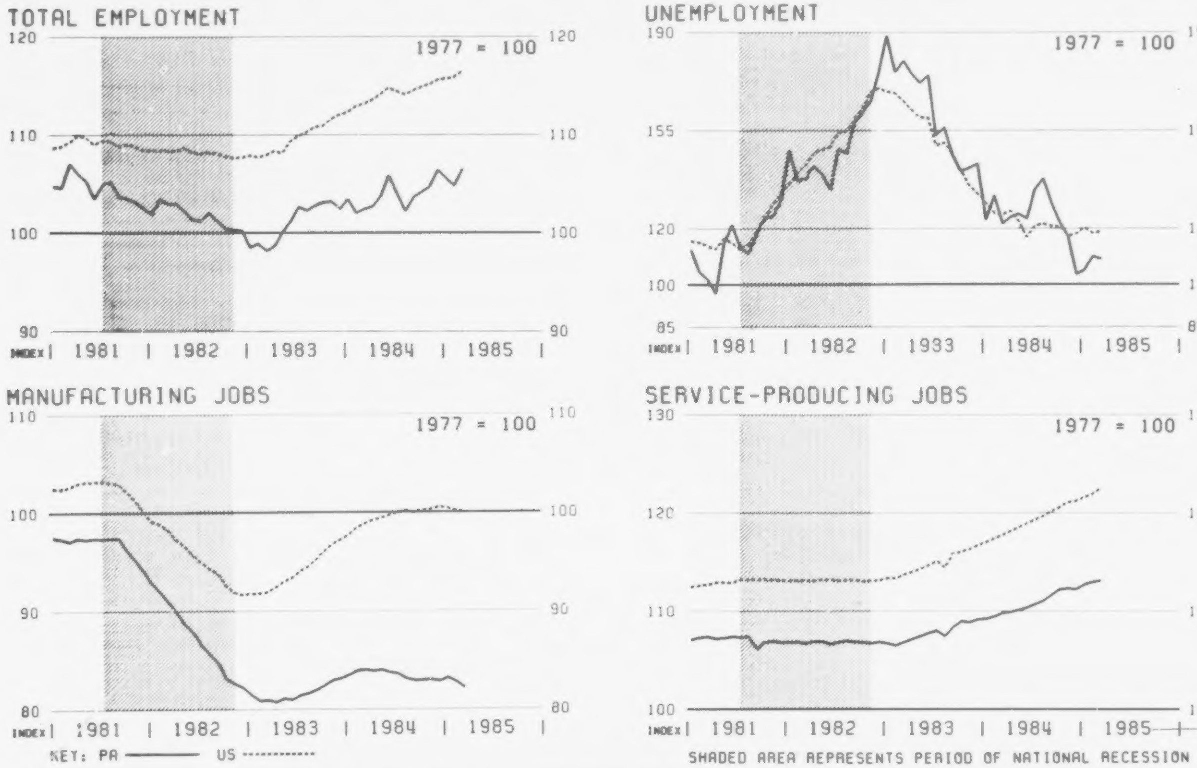
Pennsylvania industries hurt the most by imports include durable goods industries, such as steel, and nondurable goods industries, such as apparel and textile products. Durable goods are items intended to last more than three years while nondurable goods are items intended to last three years or less.

Employment in the state's durable goods factories ended a third quarter of losses in March, after gaining ground in the latter half of 1983 and the first half of 1984. The seasonally adjusted number of jobs in these industries in March was less than three-fourths the level prevailing in 1979, the year before the two most recent recessions.

At the same time, the job level in the state's nondurable goods factories dropped to a new low — more than 12 percent below the 1979 average.

The increase in service employment in March brought the seasonally adjusted job level in this industry group to a new high. Other sectors with employment gains from March to March were the finance, insurance and real estate industry group, which also registered an all-time high; retail and wholesale trade; transportation and public utilities; construction industries; and the federal government.

Besides manufacturing industries, only the mining sector has fewer jobs in March than one year earlier.



SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **May 1985**

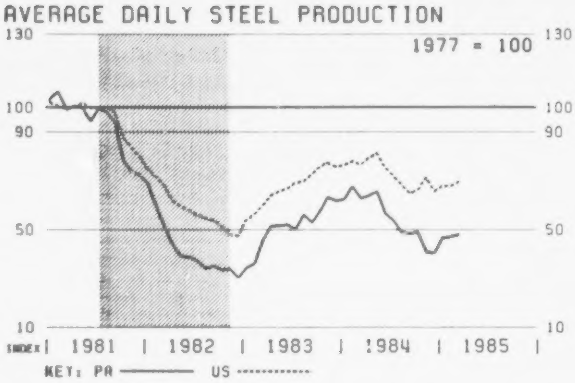
The production of both anthracite and bituminous coal are at historically low levels.

In contrast to manufacturing and mining, employment in construction industries — the third major industry group in the goods-producing sector — was at its highest level in five years. Exceptionally warm weather in March helped boost the seasonally adjusted number of construction jobs up 5 percent from February's level.

The short-term outlook for the construction industry group in Pennsylvania remained bright. The value of construction contracts for residential buildings awarded in the first quarter was 22 percent higher than the value in the same quarter of last year.

Awards for nonbuilding structures also advanced. After low levels in January and February, the value of these awards surged in March, bringing the first quarter level 4.5 percent above last year's first-quarter figure.

Only the nonresidential building category registered a drop. The first-quarter value of these awards was down 4 percent from a year ago, showing signs of a slowing in the commercial building boom.

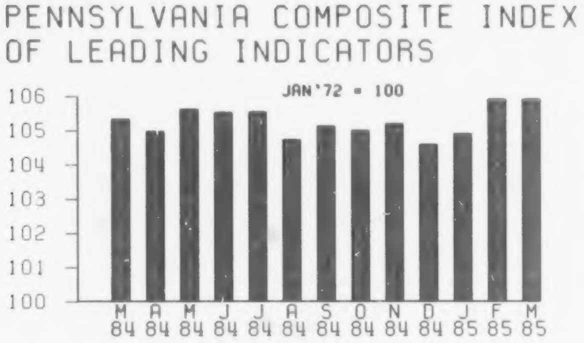


Gains in the construction industries and the service-producing sector brought total employment of Pennsylvania residents up a seasonally adjusted 1.6

Economic Activity in Pennsylvania	1985 Feb.	1985 Mar.	1984 Mar.	Seasonally Adjusted Indexes (1977 = 100) 1985 Feb.	1985 Mar.	1984 Mar.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,629.*	4,664.	4,568.	103.3	103.4	101.2
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,531.*	3,568.	3,447.	111.9*	112.2	108.4
Manufacturing						
No. of wage and salaried jobs (thous.)	1,096.*	1,093.	1,117.	82.8*	82.2	84.0
Ave. wkly. hrs. worked by prod. workers	39.6	39.8	40.1	101.0	100.6	101.2
Total wkly. person-hours worked (mils.)	29.7	29.7	30.9	78.9	78.0	81.1
Total wkly. payroll (mil. dols.)	283.2*	283.2	284.9	128.2*	126.9	127.6
Steel production (thous. tons)	1007.*	1,240.	1,619.	47.*	48.	63.
Industrial electric power sales (mil. kwh)	3,653.	3,580.	3,771.	99.	94.	100.
Mining						
Anthracite coal (thous. net tons)	295.	348.	278.	73.	69.	53.
Bituminous coal (thous. net tons)	4,662.	n.a.	6,149.†	71.	n.a.	90.†
Construction contracts awarded (mil. dols.)						
Total	316.0	582.8	491.0*	200.	187.	158.*
Residential building	138.1	250.1	217.3*	239.	213.	176.*
Other building	130.4	157.4	174.7*	226.	136.	152.*
Nonbuilding (utilities and public works)	47.4	175.2	98.8*	86.	212.	130.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,883.	4,958.	4,771.	104.8	106.5	102.4
Unemployed						
No. of persons (thous.)	501.	456.	506.	110.0	109.1	121.7
Rate (percentage of labor force)	9.3	8.4	9.6			
Rate, seasonally adjusted	8.2	7.9	9.1			
Civilian labor force, no. of persons (thous.)	5,384.	5,414.	5,277.	105.2	106.7	103.9
Initial claims for unemployment benefits	113,932.	102,748.	100,483.	92.1	87.6	83.9

Consumer Prices, all items	Urban Indexes (1967 = 100) 1985 Feb.	1985 Mar.	1984 Mar.	Percentage Change Month Ago	Year Ago
U.S. city average	317.4	318.8	307.3	+0.4	+3.7
Philadelphia	309.2	310.4	296.7	+0.4	+4.6
Pittsburgh	323.8	n.a.	315.5†	n.a.	+2.6
Northeast PA	n.a.	304.9	293.0	n.a.	+4.1

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for February 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.


PENNSYLVANIA COMPOSITE INDEX OF LEADING INDICATORS

percent in March. The seasonally adjusted index rose to a level exceeded only by the level in March of 1981.

Accompanying the employment rise was a decline in the number of residents counted as unemployed and a rise in the number of residents participating in the labor force. These two changes brought the seasonally adjusted unemployment rate for March down to 7.9 percent from 8.2 percent in February.

Other economic indicators for Pennsylvania emphasize the sluggishness in the state's manufacturing industries.

* Total payrolls and hours worked in the state's factories were unchanged in March from a month earlier, but both measures were below figures for March 1984. In addition, because slight increases in these measures typically occur from February to March, the seasonally adjusted indexes declined.

* In March, a seasonally adjusted 1.8 percent increase in the average daily production of steel in the state brought Pennsylvania's share of total national production up to 15 percent from 14.8 percent in the previous month. But Pennsylvania continued to produce at levels only 44 percent of those prevailing in the state in 1979 while the nation operated at a somewhat higher 63.8 percent.

* The sales of electrical power to industrial users slipped 4.4 percent in March after seasonal adjustment and was 5.6 percent below the level of sales in March of 1984.

The rise in imports has worked to dampen not only employment but also inflation. Domestic firms must keep their prices down to compete against import prices lowered by the strong dollar.

Although consumer prices picked up speed in March, the rise was caused by a sharp increase in gasoline prices, which many analysts believe is temporary. The consumer price index rose 4.6 percent from March to March in the Philadelphia area, 4.1 percent from March to March in the Scranton-Wilkes-Barre area, and 2.6 percent from February to February in the harder hit Pittsburgh area. The U.S. city average showed a 3.7 percent increase from March to March.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
March 1984	105.3	87.6	−0.3	−0.9
April	105.0	88.5	−0.3	+1.0
May	105.6	88.9	+0.6	+0.4
June	105.5	89.6	−0.1	+0.7
July	105.5	88.7	0.0	−1.0
August	104.7	87.9	−0.8	−0.9
September	105.1	88.4	0.4	0.6
October	105.0	88.5	−0.1	0.1
November	105.2	88.6	0.2	0.1
December	104.6	88.8	−0.6	0.2
January 1985	104.9	88.3	0.3	0.6
February	105.8	88.0	0.9	−0.3
March	105.8	88.2	0.0	0.2

No change in the current sluggish pace of economic growth is expected in the near future. The composite index of leading indicators for the state's economy was unchanged in March. Leading indicators are measures of economic activity that usually reach peaks and troughs of business cycles before total business does.

The positive influence on the index of the increase in the value of construction awards for residential buildings and the decline in new claims for unemployment compensation were offset by a decline in the average length of the factory workweek.

Pennsylvania's composite index of coincident indicators rose only 0.2 percent in March. Coincident indicators generally move in the same direction and at the same time as total economic activity.

— *Norma I. Gavin*

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Around the State

In this issue, we change our data reporting and analyses in *Around the State* to fit the definitions of metropolitan areas as revised by the U.S. Office of Management and Budget in June 1983. At that time, the term Standard Metropolitan Statistical Area (SMSA) was shortened to Metropolitan Statistical Area (MSA). In addition, if an area had more than 1 million population and met certain other specified requirements, it was designated a Consolidated Metropolitan Statistical Area (CMSA), consisting of major components recognized as Primary Metropolitan Statistical Areas (PMSA). A total of 257 MSAs, plus 23 CMSAs composed of 78 PMSAs, are recognized nationally.

Under the new classification, Pennsylvania has 12 MSAs and three PMSAs in two CMSAs. Beaver County was separated from the four-county Pittsburgh SMSA to form the Beaver County PMSA, and Fayette County was added to the remaining three counties to form the Pittsburgh PMSA. These two PMSAs comprise the Pittsburgh-Beaver Valley CMSA. The five Pennsylvania counties and three New Jersey counties that composed the Philadelphia SMSA were reclassified as the Philadelphia PMSA in the Philadelphia-Wilmington-Trenton CMSA.

The definitions of the 12 Pennsylvania MSAs coincide with those of the other 12 SMSAs, with the following exceptions: Lebanon County was added to the Harrisburg SMSA to form the Harrisburg-Lebanon-Carlisle MSA; Columbia and Wyoming Counties were added to the Northeast SMSA, which is now called the Scranton-Wilkes-Barre MSA; and the name of the Allentown-Bethlehem-Easton SMSA was shortened to the Allentown-Bethlehem MSA.

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

The Harrisburg-Lebanon-Carlisle area enjoyed record employment levels in the first quarter of the year, but its manufacturing sector was in the midst of another downturn.

The seasonally adjusted number of manufacturing jobs in the area fell 1.5 percent in the first quarter of 1985, after falling 0.9 percent in the previous quarter. The recent downturn follows six quarters of improvement in the factory job level measured against the recession low in the first quarter of 1983.

On the other hand, employment in the area's nonmanufacturing industries continued on an upward trend without interruption. Last quarter, the seasonally adjusted job level in these industries rose 0.9 percent from the previous quarter to a new record high that was 4.2 percent higher than the record level in the first quarter of last year.

Total resident employment was also at a seasonally adjusted all-time high in the first quarter while the seasonally adjusted unemployment rate was up 0.1 of a percentage point to 5.4 percent of the labor force.

Sales of electricity to industrial users reflected the slowdown in the area's factories. The seasonally adjusted level of sales fell another 1.9 percent in the first quarter.

Not only were there fewer factory workers in the first quarter, but they were also working fewer hours. The average length of the workweek fell in both durable and nondurable goods factories.

The value of contracts for future construction awarded in the first quarter also reflected a weakening in the area's economy. While the value of contracts for residential buildings was up a slight 3 percent from the value in the first quarter of last year, the value of contracts for commercial and industrial buildings was down 23 percent.

Lancaster

The Lancaster area economy continued to show exceptional strength in the first quarter. The area's seasonally adjusted unemployment rate, the lowest among Pennsylvania's major metropolitan areas, was at a six-year low of 4.2 percent.

Total resident employment, after adjustment for regular seasonal variation, rose 1 percent in the first quarter to a new record high and was 4.5 percent higher than the level in the first quarter of last year.

Job gains were concentrated in the nonmanufacturing sector. The seasonally adjusted job level in these industries was at an all-time high, after rising 1.1 percent last quarter.

Although there were no net job gains over the quarter in the manufacturing sector, there were no net losses either. The seasonally adjusted factory job level was unchanged from the previous quarter.

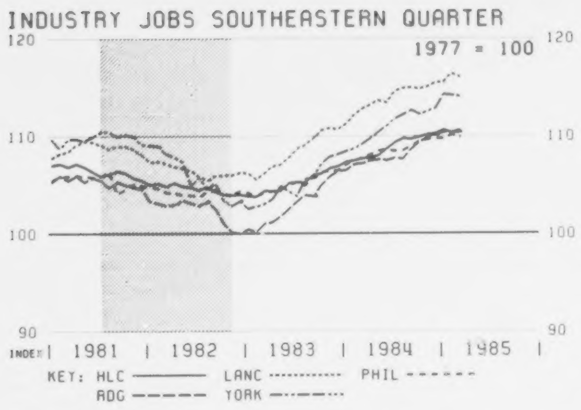
The average length of the factory workweek was also unchanged after seasonal adjustment but was down from the level of a year earlier. The decline came from

Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value *1 Q. '85*	Average monthly index seas. adj. (1977 = 100) *1 Q. '85*	*4 Q. '84*	*1 Q. '84*
Employment *(in thousands)*				
Employed, no. of residents	287.3	114.	113.	110.
Unemployed, no. of residents	19.0	108.	106.	115.
Rate, seasonally adjusted	5.4			
Civilian labor force, no. of residents	306.3	114.	113.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	267.8	110.	110.	108.
Nonmfg. only, no. of jobs	215.9	114.	114.	110.
Mfg. only, no. of jobs	51.9	96.	98.	99.
Hrs. worked by production workers in mfg., *ave. weekly*	39.0	n.a.	n.a.	n.a.
Industrial electric power sales	...	75.	77.	93.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q. '85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	27.6	− 20.	+ 3.
Nonresidential contracts only	25.1	− 47.	− 23.

[1] Cumberland, Dauphin, Lebanon, and Perry Counties



durable goods factories. Production workers in durable goods factories averaged 1.9 hours less a week in the first quarter of this year compared to last year while workers in nondurable goods factories worked an average 0.3 of an hour longer.

Confirmation of the economic expansion in the area came from sales of electricity to industrial users. The seasonally adjusted level of sales was up 2.2 percent last quarter, registering a new record high.

Indicators for the area's construction industries were mixed in the first quarter. The value of awards for residential building construction was 21 percent higher than the level one year earlier while the value of awards for nonresidential building construction was 24 percent below the year-earlier figure.

Philadelphia

The Philadelphia metropolitan area, the workplace of one-third of employed Pennsylvanians, continued to experience widespread economic expansion in the first quarter. Total resident employment rose another seasonally adjusted 0.5 percent, recording yet another new all-time high, and unemployment dropped to its lowest level in more than 10 years.

A less than seasonal drop in the number of area residents participating in the labor force, coupled with a less than seasonal increase in the number of residents counted as unemployed, brought the seasonally adjusted jobless rate down to 6.0 percent in the first quarter. This compares to a quarterly average unemployment rate of 7.3 percent in the nation and 8.0 percent in Pennsylvania.

In contrast to most other metropolitan areas in the state, the Philadelphia area did not experience a drop in the seasonally adjusted number of factory jobs last quarter. Philadelphia's index for this measure has shown a positive, though small, upward trend since the second quarter of 1983. Nevertheless, there were more than 12 percent fewer manufacturing jobs in the area last quarter compared to the average number of factory jobs prevailing in 1979, the year before the two most recent recessions.

The average number of hours worked by production workers in the area's factories declined in the first quarter from the previous quarter but was slightly higher than one year earlier. This indicator reflects changes in the pressure on employers to hire new workers in the following months and therefore is considered a leading employment indicator. For the Philadelphia area, the measure suggests that there was no added pressure on businesses to speed up the hiring of new workers.

The seasonally adjusted number of jobs in the area's nonmanufacturing sector rose a slight 0.2 percent in the first quarter but registered another new record high.

Industrial electric power sales reflect no unusual increases in industrial output. The seasonally adjusted index for this measure has hovered around its 1977 average for the last seven quarters.

The value of awards for residential building construction contracts was 28 percent higher in the first quarter of the year compared to the value in the same quarter last year, but the value of nonresidential building awards slipped 7 percent.

Lancaster Area[1]

	Ave. mo. value *1 Q '85*	Average monthly index seas. adj. (1977 = 100) *1 Q '85*	*4 Q '84*	*1 Q '84*
Employment *(in thousands)*				
Employed, no. of residents	180.7	119.	118.	114.
Unemployed, no. of residents	10.0	102.	107.	106.
Rate, seasonally adjusted	4.2			
Civilian labor force, no. of residents	190.8	118.	118.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	160.5	116.	115.	112.
Nonmfg. only, no. of jobs	103.3	125.	124.	119.
Mfg. only, no. of jobs	57.1	102.	102.	102.
Hrs. worked by production workers in mfg., *ave. weekly*	39.4	100.	100.	102.
Industrial electric power sales	. . .	124.	121.	120.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total *1 Q '85*	*Quarter Ago*	*Year Ago*
Residential contracts only	32.2	– 13.	+ 21.
Nonresidential contracts only	5.5	– 86.	– 24.

[1] Lancaster County

Philadelphia Area[1]

	Ave. mo. value *1 Q '85*	Average monthly index seas. adj. (1977 = 100) *1 Q '85*	*4 Q '84*	*1 Q '84*
Employment *(in thousands)*				
Employed, no. of residents	2078.6	112.	112.	110.
Unemployed, no. of residents	140.5	77.	80.	89.
Rate, seasonally adjusted	6.0			
Civilian labor force, no. of residents	2219.2	109.	109.	108.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1986.4	110.	110.	107.
Nonmfg. only, no. of jobs	1589.1	116.	116.	114.
Mfg. only, no. of jobs	396.9	89.	89.	88.
Hrs. worked by production workers in mfg., *ave. weekly*	40.1	101.	102.	101.
Industrial electric power sales	. . .	99.	99.	100.

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total *1 Q '85*	*Quarter Ago*	*Year Ago*
Residential contracts only	234.7	– 9.	+ 28.
Nonresidential contracts only	218.8	– 46.	– 7.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading

Despite recent setbacks in the manufacturing sector, most economic indicators for the Reading metropolitan area showed a robust economy in the first quarter; many indicators registered all-time highs.

The seasonally adjusted factory job level slipped 0.4 percent last quarter from the previous quarter and was 0.9 percent below the level of a year earlier. The recent slippage in manufacturing employment, which began in the second quarter of 1984, follows a healthy-paced, though incomplete, recovery from the 1981-82 recession. During the first five quarters of the recovery, the Reading area economy regained 86 percent of the 6,900 factory jobs estimated from seasonally adjusted data as lost during the recession. Since April of last year, 1,100 jobs have been dropped from factory payrolls, leaving the seasonally adjusted total factory job level at the end of the first quarter 4 percent below the pre-recession peak in July of 1981.

At the same time, Reading's nonmanufacturing sector continued to expand without interruption. The seasonally adjusted job level in these industries rose another 1 percent in the first quarter and registered a new all-time high, which was 5.6 percent greater than the record level reached one year earlier.

Total resident employment was also at a new record high in the first quarter. The 0.8 percent increase in the seasonally adjusted level of total employment brought the accompanying jobless rate down to 6.3 percent — its lowest level since the third quarter of 1979.

Increased industrial activity was also reflected in the level of industrial electric power sales. Seasonally adjusted sales to area industries rose 0.3 percent over the quarter to a new record level.

Awards for future construction projects in the Reading area continued strong in the first quarter of this year. The value of residential building awards was 82 percent higher than last year's first-quarter value. Furthermore, although the value of nonresidential building awards was only about half the level of a year ago, last year was an exceptionally good year and this year's value was high relative to years prior to 1984.

No improvement in factory employment was predicted from the average length of the factory workweek, a leading employment indicator. This measure was unchanged from a quarter earlier in nondurable goods factories and down slightly in durable goods factories.

York

From the first quarter of last year to the first quarter of this year, the pace of nonfarm industry job growth in the York area outstripped the pace in all other metropolitan areas in Pennsylvania.

The actual number of jobs gained over the year is smaller in York than in areas such as Philadelphia with a labor market 10 times the size of York's. But in terms of percentage gains in the total industry job level, York's 5 percent increase outpaces all other metropolitan areas.

Total resident employment rose a seasonally adjusted 1.2 percent in the York area last quarter, registering a new quarterly high and an increase of 5.8 percent over the employment level in the first quarter of 1984.

At the same time, the seasonally adjusted unemployment rate fell to 6.7 percent, its lowest level since the second quarter of 1980.

The first quarter marked gains of 1.2 percent in the seasonally adjusted factory job level and 1.7 percent in the nonmanufacturing industry job level. While the number of factory jobs remained well below pre-recession levels, the steady, steep rise in nonmanufacturing employment, measured as 6.6 percent from first quarter to first quarter, brings employment in the area to an all-time high.

Factory job growth may slow in the next few months. The seasonally adjusted average length of the factory

Reading Area[1]

	Ave. mo. value *1 Q.'85*	Average monthly index seas. adj. (1977 = 100) *1 Q.'85*	*4 Q.'84*	*1 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents	151.7	115.	114.	110.
Unemployed, no. of residents	12.1	115.	125.	120.
Rate, seasonally adjusted	6.3			
Civilian labor force, no. of residents	163.8	115.	115.	111.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	143.7	110.	110.	107.
Nonmfg. only, no. of jobs	91.3	115.	114.	109.
Mfg. only, no. of jobs	52.3	103.	104.	104.
Hrs. worked by production workers in mfg., *ave. weekly*	40.4	104.	103.	106.
Industrial electric power sales	•••	129.	128.	128.

Construction contracts awarded *(in millions of dollars)*	Total *1 Q.'85*	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	17.1	− 25.	+82.
Nonresidential contracts only	10.9	− 10.	−48.

[1] Berks County

York Area[1]

	Ave. mo. value *1 Q.'85*	Average monthly index seas. adj. (1977 = 100) *1 Q.'85*	*4 Q.'84*	*1 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents	169.2	118.	117.	112.
Unemployed, no. of residents	14.6	127.	131.	155.
Rate, seasonally adjusted	6.7			
Civilian labor force, no. of residents	183.8	118.	117.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	159.3	114.	113.	109.
Nonmfg. only, no. of jobs	99.8	124.	122.	116.
Mfg. only, no. of jobs	59.6	101.	100.	99.
Hrs. worked by production workers in mfg., *ave. weekly*	40.6	100.	100.	102.
Industrial electric power sales	•••	104.	103.	100.

Construction contracts awarded *(in millions of dollars)*	Total *1 Q.'85*	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	19.6	− 17.	+17.
Nonresidential contracts only	7.5	− 26.	−16.

[1] Adams and York Counties

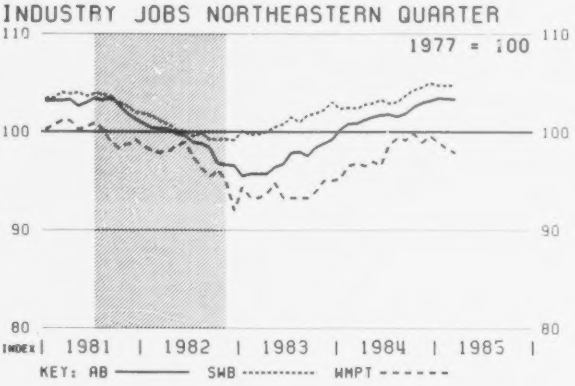
workweek has been declining over the past year, thereby relieving pressure on factory employers to hire new workers.

Sales of electricity to industrial users, an indicator of short-run changes in industrial output, rose 1.1 percent in the first quarter after seasonal adjustment and was 3.9 percent higher than the level of sales one year earlier.

The pace of awards for future commercial and industrial building construction dropped in the first quarter. The value of nonresidential building awards was 16 percent below the level in the first three months of last year.

On the other hand, the value of residential building awards gained a moderate 17 percent in the first quarter over the value in the same quarter of last year.

Northeastern Quarter



Allentown-Bethlehem

First quarter marked the eighth consecutive quarter of job gains in the Allentown-Bethlehem metropolitan area. The total industry job level rose a seasonally adjusted 0.5 percent from the previous quarter and was 2.7 percent higher than the level in the first quarter of 1984.

The gains last quarter came solely from the nonmanufacturing sector. The seasonally adjusted job level in the area's factories was unchanged from a quarter earlier while the nonmanufacturing job level rose a seasonally adjusted 0.7 percent, marking the seventh quarter in a row that a new record employment level was registered for these industries.

Total resident employment was also at a seasonally adjusted all-time high in the first quarter, and the seasonally adjusted jobless rate fell to 7.5 percent — its lowest level since the final quarter of 1980.

The factory job level may continue at the same level for the next few months. After adjustment for regular seasonal variation, the average length of the factory workweek, a leading indicator of employment changes, was unchanged from both a quarter earlier and the same quarter a year earlier.

Sales of electricity to industrial users gained a seasonally adjusted 1 percent over the quarter and 5.2 percent over the year. In the first quarter of this year, the index stood at its highest level in five years. Within the metropolitan area, the largest gains in electric power sales were in the city of Allentown.

Construction activity picked up only moderately from levels of a year ago. The value of awards for future construction of residential buildings was 16 percent ahead of the value in the first quarter of last year while awards for nonresidential building construction advanced 13 percent.

Scranton-Wilkes-Barre

The economy of the Scranton-Wilkes-Barre area saw few gains in the first quarter of the year. Total resident employment slipped 0.3 percent after seasonal adjustment, and the seasonally adjusted jobless rate fell 0.1 of a percentage point from the previous quarter. Neither of these movements were statistically significant and therefore suggest that there were no changes in overall employment conditions.

However, the composition of the area's work force continued to shift away from manufacturing industries. The seasonally adjusted factory job level slipped 1.4 percent last quarter while the job level in nonmanufacturing industries rose 0.8 percent, registering a new record high.

Industrial electric power sales showed no change in the overall level of industrial activity in the area last quarter. The seasonally adjusted index for this measure was unchanged from the level in the fourth quarter of 1984 and was 1 percent below 1984's first-quarter level.

Production workers in the area's factories were putting in about the same level of effort last quarter as in the previous quarter. The average length of the factory workweek slipped only 0.1 of an hour over the quarter

Allentown-Bethlehem Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q. '85	*1 Q. '85*	*4 Q. '84*	*1 Q. '84*
Employment *(in thousands)*				
Employed, no. of residents	283.5	106.	106.	103.
Unemployed, no. of residents	26.3	113.	125.	123.
Rate, seasonally adjusted	7.5			
Civilian labor force, no. of residents	309.8	107	107.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	261.2	103.	103.	101.
Nonmfg. only, no. of jobs	171.5	118.	117.	113.
Mfg. only, no. of jobs	89.5	84.	84.	84.
Hrs. worked by production workers in mfg., *ave. weekly*	38.9	102.	102.	102.
Industrial electric power sales				
Metropolitan area	...	109	108.	104.
Allentown	...	111.	102.	99.
Bethlehem	...	111.	114.	109.
Easton	...	98.	102.	100.

Construction contracts awarded *(in millions of dollars)*	Total *1 Q '85*	Percentage Change *Quarter Ago*	Percentage Change *Year Ago*
Residential contracts only	38.6	– 19.	+ 16.
Nonresidential contracts only	20.4	– 87.	+ 13.

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

and was up only 0.2 of an hour over the year.

The outlook for the area's construction industries was mixed last quarter. While the value of awards for residential building construction was up one-third from the value in the same quarter of last year, awards for nonresidential building construction fell in value by 13 percent of their year-earlier level.

Williamsport

The first quarter marked a setback in the Williamsport area economic recovery. Employment levels declined, factory workweeks shortened and electrical power sales nose-dived.

Job levels fell in both manufacturing and nonmanufacturing industries. The seasonally adjusted factory job level was down 1.3 percent from the previous quarter, registering its first drop since the third quarter of 1983.

The reduced factory work force was also working fewer hours last quarter. The average length of the workweek in durable goods factories was only 0.1 of an hour less than in the previous quarter, but in nondurable goods factories, it was 0.8 of an hour shorter.

After adjustment for regular seasonal variation, the job level in the area's nonmanufacturing industries declined 0.7 percent over the quarter but was 1.7 percent higher than the level of a year earlier. Although employment in this sector had recouped losses suffered during the 1980 and 1981-82 recessions, it had not expanded beyond pre-recession levels.

Total resident employment also remained below pre-recession levels and dropped a seasonally adjusted 1.1 percent last quarter. But because of a concurrent decline in the number of residents participating in the labor force, the seasonally adjusted unemployment rate also fell. At 9.5 percent in the first quarter, the jobless rate for Williamsport was at its lowest level since the third quarter of 1979.

Sales of electricity to industrial users in the area plunged a seasonally adjusted 21.8 percent in the first quarter after peaking at an all-time high in October of last year.

The area's construction industry picked up in the first quarter. The value of nonresidential building awards surged while residential building awards registered a moderate 22 percent gain in value over the same quarter of last year.

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 1 Q '85	Average monthly index seas. adj. (1977 = 100) 1 Q '85	4 Q '84	1 Q '84
Employment *(in thousands)*				
Employed, no. of residents				
Metropolitan area	300.6	108.	108.	105.
Lackawanna County[2]	93.2	109.	108.	105.
Luzerne County[3]	140.5	109.	108.	105.
Unemployed, no. of residents				
Metropolitan area	35.0	102.	102.	111.
Rate, seasonally adjusted	9.5			
Lackawanna County[2]	9.4	86.	86.	99.
Luzerne County[3]	17.7	113.	116.	118.
Civilian labor force, no. of residents				
Metropolitan area	335.6	108.	108.	105.
Lackawanna County[2]	102.6	106.	106.	105.
Luzerne County[3]	158.2	109.	109.	107.
Local industries Metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	268.0	105.	105.	102.
Nonmfg. only, no. of jobs	193.2	112.	111.	108.
Mfg. only, no. of jobs	74.5	90.	92.	92.
Hrs. worked by production workers in mfg., *ave. weekly*	38.2	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	...	102.	102.	103.
Lackawanna County[2]	...	107.	106.	102.
Luzerne County[3]	...	94.	96.	100.
Hazleton	...	90.	88.	90.
Wilkes-Barre	...	89.	100.	106.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total *1 Q '85*	*Quarter Ago*		*Year Ago*
Residential contracts only	28.8	− 30.		+ 33.
Nonresidential contracts only	11.8	− 69.		− 13.

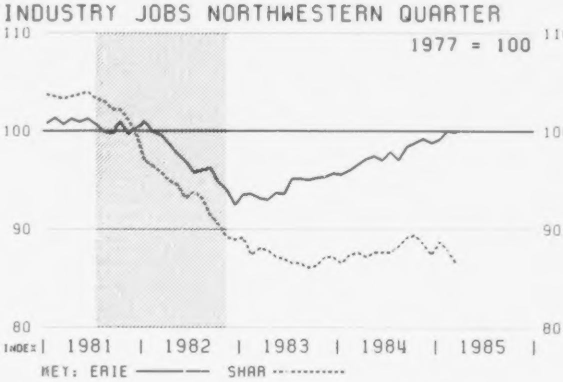
[1] Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties

[2] Includes Scranton

[3] Includes Wilkes-Barre and Hazleton

[4] Excludes Wyoming County

Northwestern Quarter



Erie

The first quarter marked further employment gains for the Erie metropolitan area economy, which continued its slow, but steady, recovery from the recent recessions.

Erie's percentage increase in factory employment from first quarter to first quarter was the largest among the major metropolitan areas in the state. But these gains must be interpreted against the area's severe losses during the 1980 and 1981-82 recessions. In the first quarter of this year, the seasonally adjusted factory job level remained more than 17 percent below the average level prevailing in 1979.

In contrast, a new record level of employment was registered in Erie's nonmanufacturing sector. The seasonally adjusted job level in these industries rose 1 percent from a quarter earlier and 4 percent from the first quarter a year ago.

Gains in the manufacturing and nonmanufacturing

Williamsport Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'85	*1 Q.'85*	*4 Q.'84*	*1 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents	45.2	102.	102.	98.
Unemployed, no. of residents	5.7	109.	111.	132.
Rate, seasonally adjusted	9.5			
Civilian labor force, no. of residents	50.9	102.	103.	101.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	44.3	98.	100.	96.
Nonmfg. only, no. of jobs	29.4	106.	107.	104.
Mfg. only, no. of jobs	14.9	86.	87.	83.
Hrs. worked by production workers in mfg., *ave. weekly*	38.5	99.	100.	102.
Industrial electric power sales	***	85.	109.	98.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total *1 Q.'85*	*Quarter Ago*		*Year Ago*
Residential contracts only	2.2	− 15.		+22.
Nonresidential contracts only	5.6	+ 70.		+ +

[1] Lycoming County

sectors in the first quarter together brought the seasonally adjusted level of total resident employment in Erie up 4.4 percent from a year ago and the seasonally adjusted jobless rate down to 8.6 percent — its lowest level in five years.

The average length of the factory workweek dropped 0.8 of an hour in Erie last quarter. But all of the decline can be explained by regular seasonal variation and therefore reflects no change in incentives for employers to hire new laborers.

Seasonally adjusted sales of electricity to industrial users, a measure of short-run changes in industrial output, slipped 0.8 percent in the first quarter, after falling 2.3 percent in the final quarter of last year. These two declines were due to a dip in December and January. Sales have increased since then but have not exceeded previously recorded levels.

Erie's commercial and industrial building boom of the last year and a half may be slowing. Last quarter the value of awards for nonresidential building construction was only half of the value registered one year earlier. On the other hand, the value of awards for residential building construction advanced 65 percent over the year.

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'85	*1 Q.'85*	*4 Q.'84*	*1 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents	110.2	104.	102.	99.
Unemployed, no. of residents	12.0	118.	121.	144.
Rate, seasonally adjusted	8.6			
Civilian labor force, no. of residents	122.2	105.	104.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	107.8	100.	99.	96.
Nonmfg. only, no. of jobs	71.3	108.	107.	104.
Mfg. only, no. of jobs	36.6	86.	86.	83.
Hrs. worked by production workers in mfg., *ave. weekly*	41.8	102.	102.	101.
Industrial electric power sales	***	94.	95.	86.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total *1 Q.'85*	*Quarter Ago*		*Year Ago*
Residential contracts only	8.9	− 29.		+65.
Nonresidential contracts only	5.1	− 40.		−47.

[1] Erie County

Sharon

The Sharon area economy remained depressed in the first quarter of the year. The seasonally adjusted factory job level fell 4.6 percent from the previous quarter to a new low in March — less than 60 percent of the level prevailing in 1979, the year before the two most recent recessions.

In the area's nonmanufacturing sector, the seasonally adjusted job level also remained below pre-recession levels, but no further deterioration took place in the first quarter of this year.

Total resident employment fell 0.5 percent in Sharon after seasonal adjustment but was 1.9 percent higher than in the first quarter of 1984. The first-quarter decline in employment was accompanied by a drop in the number of residents participating in the labor force. As a result, the seasonally adjusted unemployment rate fell to 10.2 percent from 11.2 percent in the final quarter of 1984, giving the false impression of improved labor market conditions.

In the first quarter of this year, Sharon's civilian labor force was at its lowest level in the 11 years that these data have been recorded.

Sales of electricity to industrial users in Sharon did not loose any further ground in the first quarter. The seasonally adjusted level of sales rose a small 0.6 percent from a quarter earlier but stood 3.4 percent below the year-earlier figure.

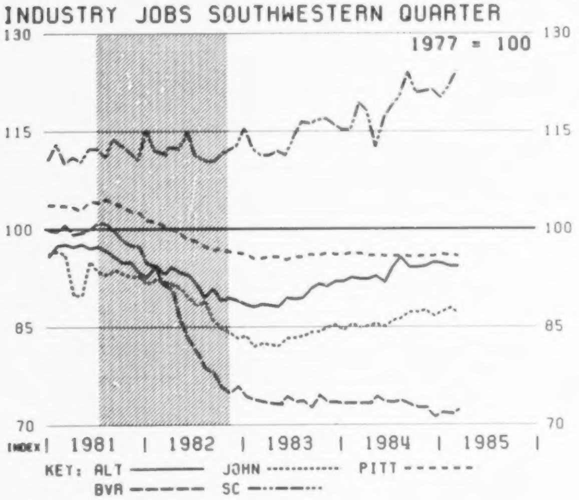
Despite Sharon's continued poor economic performance, businesses are investing in the area's future. The value of construction contracts awarded in the first quarter for commercial and industrial buildings rose 36 percent from the value of a year ago while residential building awards surged 88 percent ahead of last year's figure.

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'85	*1 Q.'85*	*4 Q.'84*	*1 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents	42.6	91.	92.	90.
Unemployed, no. of residents	5.6	124.	138.	169.
Rate, seasonally adjusted	10.2			
Civilian labor force, no. of residents	48.2	94.	96.	96.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	39.0	88.	88.	87.
Nonmfg. only, no. of jobs	28.8	101.	101.	101.
Mfg. only, no. of jobs	10.2	63.	66.	63.
Industrial electric power sales	***	107.	106.	110.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total *1 Q.'85*	*Quarter Ago*		*Year Ago*
Residential contracts only	4.5	+ 36.		+88.
Nonresidential contracts only	7.9	+ +		+36.

[1] Mercer County

Southwestern Quarter



Altoona

Little progress was made toward economic recovery in the Altoona area last quarter. The slight 0.3 percent increase in the seasonally adjusted nonmanufacturing job level was offset by a 0.9 percent decline in the seasonally adjusted number of factory jobs, leaving the total nonfarm industry job level unchanged from the previous quarter.

Despite last quarter's poor performance, some improvement in employment conditions was registered over the year. Manufacturing employment was up 1.8 percent from the first quarter of 1984 while nonmanufacturing employment rose 2.2 percent over the year. Nevertheless, employment in both sectors remained well below pre-recession levels.

The decline in the seasonally adjusted factory job level last quarter, the first drop since the third quarter of 1983, may be followed by another decline this quarter. The average length of the factory workweek, a leading employment indicator, fell last quarter, reducing pressure on employers to hire new workers.

Sales of electricity to industries in the Altoona area fell a small, seasonally adjusted 0.6 percent in the first quarter, reflecting little change in industrial output.

Total resident employment also showed little change with a slight 0.2 percent increase last quarter. But this small change and a concurrent slight decline in the size of the labor force was enough to bring the seasonally adjusted unemployment rate down to 9.4 percent — its lowest level in five years.

While awards for future commercial and industrial building construction in the Altoona area fell back in the first quarter, housing awards advanced. The value of nonresidential building contracts was down 23 percent from the first-quarter level of 1984; the value of residential building contracts was up 69 percent.

Altoona Area[1]

	Ave. mo. value 1 Q.'85	Average monthly index seas. adj. (1977 = 100) 1 Q.'85	4 Q.'84	1 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	48.7	98	98	95
Unemployed, no. of residents	6.1	130	135	164
Rate, seasonally adjusted	9.4			
Civilian labor force, no. of residents	54.7	100	101	100
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.0	94	94	92
Nonmfg. only, no. of jobs	35.9	97	97	95
Mfg. only, no. of jobs	11.1	87	87	84
Hrs. worked by production workers in mfg., *ave. weekly*	38.0	101	104	102
Industrial electric power sales	...	82	82	84

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	4.4	+ 38	+69
Nonresidential contracts only	3.0	− 79	−23

[1] Blair County

Johnstown

Modest improvement marked the Johnstown area economy in the first quarter. Employment in nonmanufacturing industries edged up after seasonal adjustment while indicators for the manufacturing sector were mixed.

The seasonally adjusted nonmanufacturing job level rose a small 0.6 percent last quarter from the previous quarter and was 3.7 percent above the level in the first quarter of last year. The job level was the highest since the second quarter of 1982 but remained almost 9 percent below the peak levels of 1979.

Johnstown's factory job level slipped slightly in the first quarter and remained more than 38 percent below the 1979 average. However, production workers in the area's durable goods factories were putting in longer hours. The average length of the workweek rose 1.4 hours in these factories. The workweek in nondurable goods factories was essentially unchanged from the previous quarter.

Johnstown Area[1]

	Ave. mo. value 1 Q.'85	Average monthly index seas. adj. (1977 = 100) 1 Q.'85	4 Q.'84	1 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	85.1	90	90	88
Unemployed, no. of residents	13.9	113	131	134
Rate, seasonally adjusted	12.1			
Civilian labor force, no. of residents	99.0	93	94	92
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	75.0	87	87	85
Nonmfg. only, no. of jobs	62.8	97	96	93
Mfg. only, no. of jobs	12.1	59	59	60
Hrs. worked by production workers in mfg., *ave. weekly*	37.1	95	94	98
Industrial electric power sales	...	131	140	132

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	7.8	− 9	− 33
Nonresidential contracts only	5.7	+ 128	+ 111

[1] Cambria and Somerset Counties

Industrial electric power sales rose in the first quarter, but the seasonally adjusted index shows the increase to be less than the expected seasonal rise. However, the adjustments, which are based on historical data, have not fully incorporated new seasonal patterns arising from the recent installation of an electric furnace in the Bethlehem Steel plant. Therefore, first quarter's index may have been overadjusted for seasonal variation.

Total resident employment was up a seasonally adjusted 0.8 percent in the first quarter. This increase, together with a decline in the civilian labor force, brought the seasonally adjusted jobless rate down 1.7 percentage points to 12.1 percent — its lowest level in five years.

Although joblessness remained at critical levels in Johnstown, the area is making progress, and businesses are investing in the area's future. The value of awards for commercial and industrial building construction more than doubled from levels one quarter and one year earlier.

Pittsburgh-Beaver Valley

The manufacturing base of the Pittsburgh-Beaver Valley metropolitan area continued to contract in the first quarter, dampening overall economic growth.

Beaver County and the four-county Pittsburgh region were the only major metropolitan areas in the state with fewer nonfarm industry jobs in the first quarter of this year than in the same quarter of last year. In Beaver County, the total nonfarm industry job level was down 2 percent from the first quarter of 1984 while the more diversified Pittsburgh area saw a slight 0.2 percent decline over the year.

The seasonally adjusted factory job levels in both PMSAs fell to new lows last quarter. In Beaver County, the number of workers on factory payrolls was only 41.1 percent of the average prevailing in 1979, and in Pittsburgh, the number was 62.5 percent of the 1979 average.

Factory workers also worked fewer hours in the first quarter. The average length of the factory workweek fell 0.2 of an hour in Beaver County and 0.9 of an hour in Pittsburgh. The shortened workweek suggests that factory employment will not improve in the second quarter because employers typically work current employees longer for production increases before hiring back laid-off workers.

First-quarter gains in nonmanufacturing employment were modest. The seasonally adjusted job level in these industries rose 0.4 percent in Pittsburgh and was 1.7 percent above the level in the first quarter of 1984. While Beaver County had a 1 percent increase in the seasonally adjusted number of nonmanufacturing jobs last quarter, the job level was only 0.5 percent above the year-ago level.

With the introduction of Beaver County as a separate metropolitan area, Johnstown gained a rival for the distinction of having the highest jobless rate among the state's metropolitan areas. A less than seasonal decline in the civilian labor force and a more than seasonal rise in the number of residents counted as unemployed brought Beaver County's seasonally adjusted unemployment rate up to 13.1 percent, usurping Johnstown's 12.1 percent rate for the distinction.

On the other hand, the four-county Pittsburgh area's seasonally adjusted unemployment rate fell to 9.5 percent — the first single-digit rate since the fourth quarter of 1981.

Sales of electricity to industrial users also reflected the contraction in manufacturing activity. Although the seasonally adjusted level of sales was essentially unchanged from the level of the previous quarter in the CMSA, it was down more than 13 percent from the first-quarter level of 1984.

The value of awards for contract construction work in the area showed construction activity falling off. Both residential and nonresidential building awards were down in value from levels in the first and fourth quarters of 1984.

State College

Economic indicators continued to show a healthy, growing economy in the State College metropolitan area last quarter. Total resident employment rose to a new

Pittsburgh-Beaver Valley Area[1]

	Ave. mo. value *1 Q.'85*	Average monthly index seas. adj. (1977 = 100) *1 Q.'85*	*4 Q.'84*	*1 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	837.3	100.	99.	99.
Beaver County	66.3	75.	74.	75.
Unemployed, no. of residents				
Pittsburgh[1]	100.1	145.	161.	175.
Beaver County	10.1	156.	144.	186.
Unemployment Rate, seas. adj.				
Pittsburgh[1]	9.5			
Beaver County	13.1			
Civilian labor force, no. of residents				
Pittsburgh[1]	937.3	103.	103.	104.
Beaver County	76.5	80.	79.	83.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs				
Pittsburgh[1]	819.9	96.	96.	96.
Beaver County	54.4	72.	72.	73.
Nonmfg. only, no. of jobs				
Pittsburgh[1]	681.0	107.	106.	105.
Beaver County	38.2	102.	101.	102.
Mfg. only, no. of jobs				
Pittsburgh[1]	138.5	64.	65.	70.
Beaver County	16.2	42.	43.	45.
Hrs. worked by production workers in mfg., *ave. weekly*				
Pittsburgh[1]	40.1	n.a.	n.a.	n.a.
Beaver County	40.5	n.a.	n.a.	n.a.
Industrial electric power sales	...	71.	70.	80.

Construction contracts awarded *(in millions of dollars)*	Total *1 Q.'85*	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only			
Pittsburgh[1]	67.9	− 28.	−15.
Beaver County	4.2	− 11.	−26.
Nonresidential contracts only			
Pittsburgh[1]	109.1	− 23.	− 8.
Beaver County	1.1	− 71.	−72.

[1] Allegheny, Fayette, Washington and Westmoreland Counties

seasonally adjusted high while the jobless rate fell to 7.4 percent — its lowest level in three and a half years.

Job gains were concentrated in nonmanufacturing industries. The seasonally adjusted job level in this sector rose 1 percent from the previous quarter to a new high and was 5.3 percent above the high of a year ago.

Employment in Centre County's manufacturing industries has leveled off for the time being. The seasonally adjusted factory job level was essentially unchanged for the third consecutive quarter but was up 2.6 percent from the level registered one year earlier.

Seasonally adjusted sales of electricity to industrial users, a measure of short-run changes in industrial output, remained strong in the first quarter but were down slightly from record levels registered in the middle two quarters of 1984.

No end to the area's construction boom was seen in the first-quarter figures. The value of construction contracts for residential buildings awarded last quarter was 42 percent ahead of the value in the same quarter of last year while contracts for nonresidential buildings rose 37 percent in value.

— *Norma I. Gavin*

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q '85	*1 Q '85*	*4 Q '84*	*1 Q '84*
Employment *(in thousands)*				
Employed, no. of residents	49.1	121	121	114
Unemployed, no. of residents	4.5	153	156	158
Rate, seasonally adjusted	7.4			
Civilian labor force, no. of residents	53.6	123	123	117
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	49.1	122	121	117
Nonmfg. only, no. of jobs	41.2	122	121	116
Mfg. only, no. of jobs	8.0	124	124	122
Industrial electric power sales	...	103	101	103

		Percentage Change	
Construction contracts awarded *(in millions of dollars)*	Total *1 Q '85*	*Quarter Ago*	*Year Ago*
Residential contracts only	13.6	+ 77	+ 42
Nonresidential contracts only	5.6	− 75	+ 37

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[1] Centre County

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State's Economy Limps Along in April

No Net Gains in Employment

Pennsylvania's job losses in April took the shine out of the gains. The state's manufacturing sector had fewer workers, who worked fewer hours, and while many nonmanufacturing industry groups experienced job increases, the gains were less than typical for April.

Total resident employment in Pennsylvania rose to 5 million workers, but the increase was no more than expected from regular seasonal variation. In addition, the decline in the number of residents counted as unemployed was insufficient to lower the jobless rate. The state's seasonally adjusted unemployment rate rose to 8.3 percent in April from 7.9 percent in March.

Pennsylvania's manufacturing sector saw a 0.7 percent decline in the seasonally adjusted number of payroll jobs, with the job level in nondurable goods factories at a new low. These factories lost a seasonally adjusted 0.6 percent of their work force in April, bringing the job level down 2.8 percent from the same month a year ago.

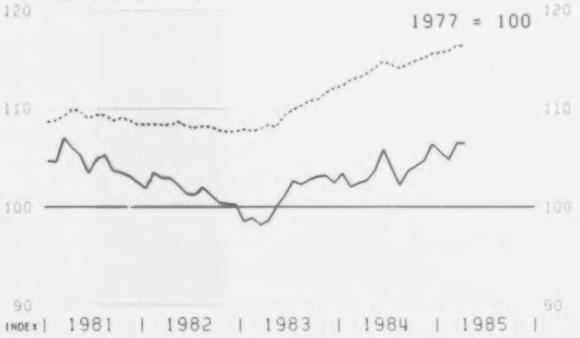
Comparable losses took place in durable goods factories. The seasonally adjusted job level in these industries declined in nine of the past 10 months. Nevertheless, durable goods factories employed a seasonally adjusted 14,900 workers more in April than at the trough of the recession two years earlier.

Not only were there fewer factory workers in April than in March, but they were working fewer hours. The average length of the workweek fell 0.4 of an hour in both durable and nondurable goods factories.

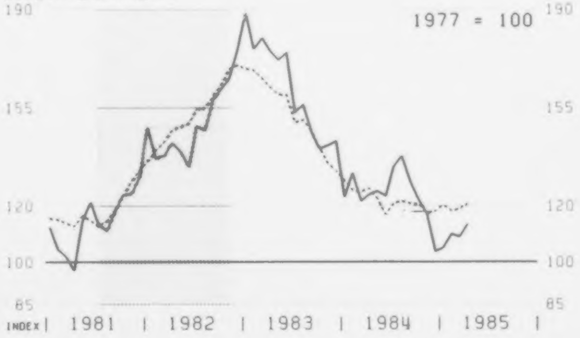
After seasonal adjustment, total weekly person-hours worked in Pennsylvania's manufacturing industries fell 1.5 percent and was 6.1 percent lower than the total in April 1984. These declines brought seasonally adjusted factory payrolls down 0.9 percent in April and 3.1 percent over the year. After further adjustment for inflation, payrolls were 6.5 percent below the year-ago level.

The only major industry group in the state with more than seasonal gains in employment was services. Gains in the seasonally adjusted job level in these industries was up only slightly in April but registered a new record

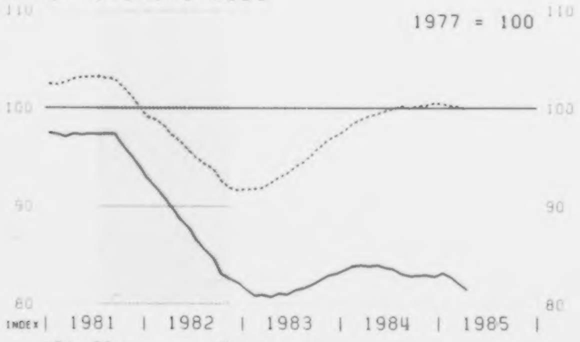
TOTAL EMPLOYMENT



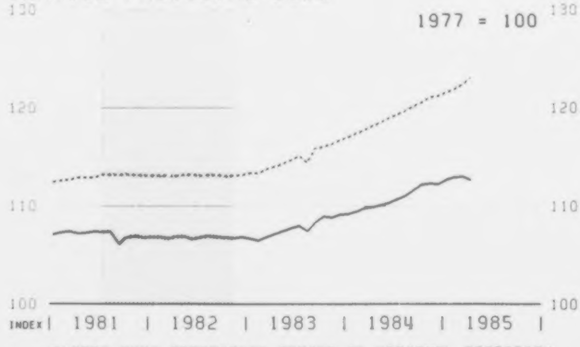
UNEMPLOYMENT



MANUFACTURING JOBS



SERVICE-PRODUCING JOBS



KEY: PA ———— US ············

SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **June 1985**

Economic Activity in Pennsylvania	1985 March	1985 April	1984 April	Seasonally Adjusted Indexes (1977 = 100) 1985 March	1985 April	1984 April
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,660.*	4,693	4,627	103.3*	102.8	101.3
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,565	3,599	3,501	112.1*	111.6	108.6
Manufacturing						
No. of wage and salaried jobs (thous.)	1,092.*	1,091	1,123	82.1*	81.5	83.9
Ave. wkly. hrs. worked by prod. workers	39.8	39.3	40.3	100.6	99.6	102.2
Total wkly. person-hours worked (mils.)	29.7	29.4	31.3	77.9	76.8	81.8
Total wkly. payroll (mil. dols.)	282.4*	280.3	289.0	126.6*	125.4	129.3
Steel production (thous. tons)	1252.*	1,199	1,557	49.*	49	64
Industrial electric power sales (mil. kwh)	3,580	3,565	3,688	94	96	99
Mining						
Anthracite coal (thous. net tons)	348	320	228	69	82	59
Bituminous coal (thous. net tons)	5,246	n.a.	8,189 †	66	n.a.	101 †
Construction contracts awarded (mil. dols.)						
Total	582.8	696.0	600.6*	187	188	166.*
Residential building	250.1	293.0	213.3*	213	164	119.*
Other building	157.4	207.4	215.6*	136	195	207.*
Nonbuilding (utilities and public works)	175.2	195.6	171.8*	212	227	194.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,958	5,000	4,829	106.5	106.5	102.7
Unemployed						
No. of persons (thous.)	456	447	488	109.1	113.4	124.0
Rate (percentage of labor force)	8.4	8.2	9.2			
Rate, seasonally adjusted	7.9	8.3	9.2			
Civilian labor force, no. of persons (thous.)	5,414	5,448	5,317	106.7	107.0	104.4
Initial claims for unemployment benefits	102,748	130,564	117,950	87.6	90.9	86.0

Consumer Prices, all items	Urban Indexes (1967 = 100) 1985 March	April	1984 April	Percentage Change Month Ago	Year Ago
U.S. city average	318.8	320.1	308.8	+0.4	+3.7
Philadelphia	310.4	312.4	298.2	+0.6	+4.8
Pittsburgh	n.a.	324.3	318.6	n.a.	+1.8
Northeast PA	304.9	n.a.	293.0†	n.a.	+4.1

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for March 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

high. The number of jobs in the finance, insurance and real estate industry group, also at a record high, was essentially unchanged after seasonal adjustment.

Because of the good March weather some of the hiring in construction industries that typically takes place in April occurred earlier this year. As a result, the 1.6 percent drop in the seasonally adjusted number of construction jobs reflects a statistical adjustment of the 4.7 percent jump in March and does not indicate worsening conditions.

Awards for future construction contracts remained strong. The value of contracts awarded in April rose in every major structure class, with only the residential building category rising less than the usual seasonal amount.

After a slow start in the first two months of this year, the seasonally adjusted value of nonbuilding construction awards in Pennsylvania increased another 7.1 percent from the relatively high value in March, bringing the state's cumulative total 14 percent above the value in the same period of last year. Nonbuilding structures include utilities and public works, such as highways and bridges.

The seasonally adjusted value of nonresidential building awards rose 42.6 percent from the previous month, but the year-to-date cumulative value trailed last year's by 3.7 percent.

In the Middle Atlantic region, which encompasses Pennsylvania, New Jersey and New York, the increase in nonresidential awards in April came from contracts for mercantile buildings and warehouses and for laboratories and hospitals and other health-treatment buildings.

Awards for other commercial buildings and for manufacturing plants declined in value. Capital spending on these buildings may remain lackluster until additional declines in interest rates are seen. With the Federal Reserve's recent credit-easing moves, further declines in interest rates appear likely. But whether rates will fall

(continued on back page)

Income Gains Slow at Year's End

But Remain Well Above Price Increases

Pennsylvania's personal income growth continued to moderate in the final quarter of 1984. Total personal income rose 1.6 percent in the fourth quarter, compared to increases of 1.8 percent in the third quarter and 2.5 percent in the second quarter of the year. From the fourth quarter of 1983 to the fourth quarter of 1984, total personal income grew 8.1 percent in the state.

Personal income is current income received by persons from all sources — that is, from participation in production, from government and business transfer payments and from government interest.

The fourth-quarter percentage increase in current-dollar personal income exceeded the increase in consumer prices and therefore represented a gain in purchasing power and economic well-being. Consumer prices, as measured by the implicit price deflator for personal consumption expenditures, rose 0.6 percent over the quarter and 3.1 percent over the year.

Income rose in all major industry groups, except agriculture, mining and the federal government. A 4.3 percent jump in construction wages and a 3 percent rise in payrolls in nondurable goods factories gave the state a slight edge over the nation in the quarterly growth rate of net labor and proprietors income.

Over the year, national percentage gains in income were greater than statewide gains in almost every industry group. Notable exceptions were farm income, which more than doubled in the state but grew only by a third nationally; income from state and local government, which rose 12.8 percent from fourth quarter to fourth quarter in the state compared to 7.7 percent nationwide; and income from service industries, which rose in both the nation and the state at just over 10 percent.

The moderation in income growth came from dividends, interest and rent. Income from these sources rose 2.2 percent in the fourth quarter of 1984. This compares to gains of 3.5 percent to 4.4 percent in each of the first three quarters.

In the fourth quarter of last year, state unemployment insurance disbursements rose 9.6 percent in Pennsylvania and a smaller 5.1 percent in the nation. These increases were the first since the second quarter of 1983. Other transfer payments rose slightly faster in the nation than the state, resulting in equal quarterly gains in income from all transfer payments. But over the year, transfer payments rose a smaller 1.9 percent in the state compared to 3.2 percent nationally.

— *Norma I. Gavin*

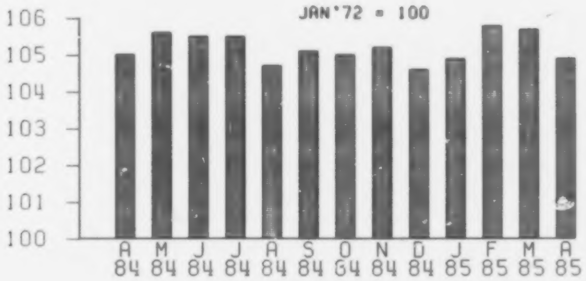
Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
		Percentage Change			Percentage Change	
	1984 IV *(mil. dols.)*	*Quarter Ago*	*Year Ago*	1984 IV *(mil. dols.)*	*Quarter Ago*	*Year Ago*
Labor and proprietors income by place of work	103,450	1.6	7.7	2,195,745	1.5	8.7
By type						
Wage and salary disbursements	85,757	1.7	6.6	1,837,079	1.5	7.7
Other labor income	10,695	2.2	9.2	202,329	2.2	11.2
Proprietors income	6,999	-0.2	19.6	156,337	-0.3	18.1
By industry						
Farm	1,003	-14.9	102.2	39,024	-8.2	33.1
Nonfarm	102,447	1.8	7.2	2,156,722	1.7	8.3
Private	88,184	1.9	6.7	1,798,064	1.7	8.7
Ag. serv., for., fish., and other	272	1.9	11.9	9,018	1.7	8.6
Mining	1,334	-5.2	0.8	36,692	1.1	11.7
Construction	5,044	4.3	8.5	117,650	1.5	11.0
Manufacturing	29,699	1.5	4.2	522,140	1.5	7.9
Nondurable goods	10,828	3.0	4.6	188,596	1.1	5.1
Durable goods	18,871	0.6	3.9	333,544	1.7	9.6
Transportation and public utilities	7,887	0.5	7.2	167,219	0.4	6.5
Wholesale trade	6,269	2.2	5.8	147,849	1.9	10.0
Retail trade	9,188	2.2	5.2	206,481	1.9	6.5
Finance, insurance, and real estate	6,057	2.0	8.3	143,194	1.8	9.1
Services	22,434	2.6	10.3	447,822	2.5	10.1
Government	14,264	1.3	10.5	358,658	1.3	6.6
Federal, civilian	3,498	-0.8	3.9	78,528	0.0	4.2
Federal, military	653	3.0	11.8	37,207	0.2	5.2
State and local	10,112	1.9	12.8	242,923	1.9	7.7
Total personal income	150,848	1.6	8.1	3,086,435	1.5	9.2
Nonfarm personal income	149,846	1.7	7.8	3,047,412	1.7	8.9
Net labor and proprietors income[1]	96,485	1.6	7.7	2,060,448	1.5	8.6
Dividends, interest and rent	28,934	2.2	15.[illegible]	604,191	2.3	15.9
Transfer payments	25,429	0.8	1.9	421,796	0.8	3.2

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, April 1985

[1] Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence

Pennsylvania Composite Index of Leading Indicators



fast enough or soon enough to give capital spending much of a boost this year is uncertain.

The surge in residential building awards in the first quarter is tapering off. Strong sales activity and eased interest rates may keep the pace of awards close to the current level throughout the second quarter, but no large increases or declines are expected.

First-quarter's surge is attributed to a high level of contracts for apartment and other multi-family construction brought about because of builders' expectations that they would come under a "grandfather" provision in any tax-revision legislation. The Reagan administration's tax-overhaul plan reduces the incentives for building rental housing.

The drop in the seasonally adjusted value of residential building awards contributed to the 0.8 percent decline in the Pennsylvania composite index of leading indicators. April's decline follows a revised 0.1 percent dip in March.

This index typically rises and falls before general business activity, thereby predicting turning points in the business cycle. The declines in April and March are not sufficient to announce a turning point. Typically five monthly declines in a six-month period are needed for this.

The other two components of the index also contributed to April's decline. A more than seasonal increase in initial claims for unemployment compensation and a decline in the average length of the factory workweek worked to depress the index.

The companion index of coincident indicators, which typically moves with general business activity, also declined in April. The 0.7 percent drop reflects the contraction in the manufacturing sector.

Another measure of general business activity that reflected the contraction in manufacturing is sales of electricity to industrial users. Although the seasonally adjusted level of sales rose 1.5 percent in April, it remained below the year-earlier figure.

Much of the over-the-year decline in industrial electric power sales can be attributed to the steel industry, a major user of electric power. The seasonally adjusted average daily production of steel in Pennsylvania, which fell throughout most of 1984, rose in April for the fourth month in a row but remained 23 percent below the level in April of 1984.

Pennsylvania's share of total domestic steel production rose to 15.2 percent in April from a low of 11.7 percent in November 1984. But this compares to a better than 20 percent share prior to the 1981/82 recession.

The fortunes of Pennsylvania's coal mining industries are closely linked to steel — directly as an input of production and indirectly through its use as a fuel by electric utilities. Little improvement in either production or employment in the state's mines has taken place since the beginning of the year.

Further modest increases in economic growth are expected next month, with services and construction industries leading in employment gains. Additional declines in manufacturing employment are likely.

— *Norma I. Gavin*

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Manufacturers' Woes Continue

Services Take Up Slack

May's data for Pennsylvania show a continuing pattern of decline in manufacturing industries accompanied by a robust and growing service sector.

The seasonally adjusted job level in Pennsylvania's factories fell another 0.6 percent in May, putting it 3.5 percent below the level of a year earlier. Employment in some manufacturing industries, such as steel and textiles, were at new lows.

On the other hand, employment in the service-producing sector rose a seasonally adjusted 0.5 percent in May, reaching a new all-time high. The growth industries within this sector include wholesale and retail trade, finance, insurance and real estate industries and general service industries — all at or near record employment.

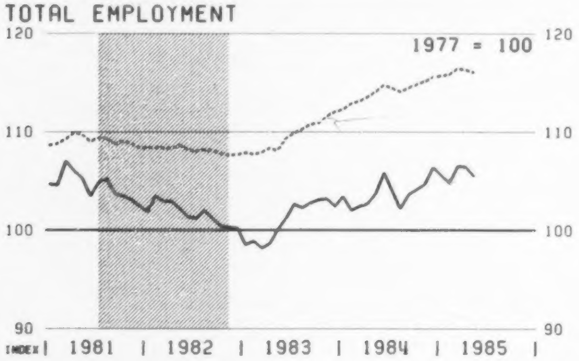
The increases in the service sector more than offset the decline in manufacturing, bringing the seasonally adjusted total nonfarm industry job level up 0.2 percent in May and 1.5 percent over the year.

But Pennsylvania's job performance was pale compared to the nation as a whole. Total nonfarm industry jobs rose 3.7 percent nationwide from May to May. This rise was fueled by a 4.4 percent rise in the number of jobs in the service-producing sector. The comparable increase in service-producing jobs in Pennsylvania was a smaller 2.8 percent.

In addition, the drag on total employment growth from declines in factory jobs was not experienced at the national level. Nationally, the factory job level in May was little changed from a year earlier.

The question haunting the economy now is whether it can continue to grow on the strength of the service sector, without any help from manufacturing. Most forecasters believe it can, at least through the rest of the year, but at a very sluggish pace.

A moderate 0.3 percent increase in the Pennsylvania Index of Leading Indicators in May gave credance to their forecasts. The increase came from all three of its components — average weekly hours worked by production workers in manufacturing industries, initial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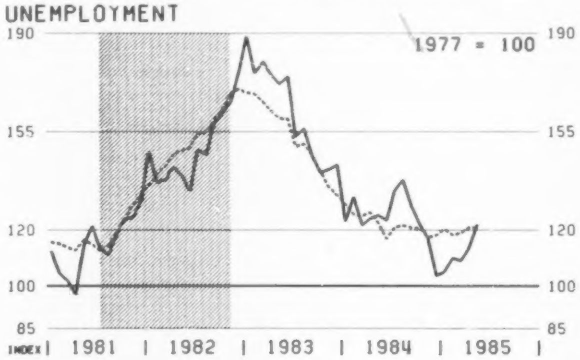
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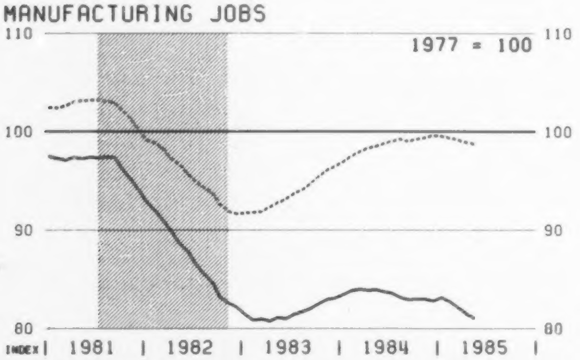
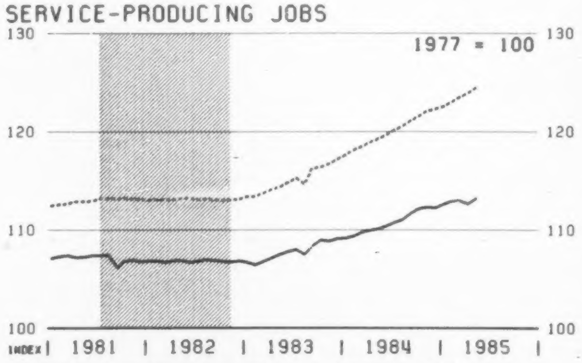

MANUFACTURING JOBS


SERVICE-PRODUCING JOBS

KEY: PA ——— US ············

SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University July 1985

Economic Activity in Pennsylvania	1985		1984	Seasonally Adjusted Indexes (1977 = 100) 1985		1984
	April	*May*	*May*	*April*	*May*	*May*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,692.*	4,732.	4,662.	102.8	103.0	101.5
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,598.*	3,640.	3,530.	111.6	112.2	108.7
Manufacturing						
No. of wage and salaried jobs (thous.)	1,091.*	1,089.	1,128.	81.5	81.0	84.0
Ave. wkly. hrs. worked by prod. workers	39.4*	39.7	40.2	99.9*	100.5	101.7
Total wkly. person-hours worked (mils.)	29.4*	29.5	31.4	77.0*	76.5	81.5
Total wkly. payroll (mil. dols.)	281.2*	281.6	290.0	125.8*	125.2	129.0
Steel production (thous. tons)	1,199.	1,077.	1,581.	49.	45.	66.
Industrial electric power sales (mil. kwh)	3,565.	3,472.	3,659.	96.	96.	101.
Mining						
Anthracite coal (thous. net tons)	320.	329.	377.	82.	68.	77.
Bituminous coal (thous. net tons)	5,404.	n.a.	5,905.†	80.	n.a.	89.†
Construction contracts awarded (mil. dols.)						
Total	696.0	751.5	601.4*	188.	227.	176.*
Residential building	293.0	329.2	306.1*	164.	179.	171.*
Other building	207.4	289.9	177.9*	195.	347.	214.*
Nonbuilding (utilities and public works)	195.6	132.4	117.4*	227.	139.	128.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,000.	5,040.	4,956.	106.5	105.5	103.8
Unemployed						
No. of persons (thous.)	447.	460.	473.	113.4	122.0	125.2
Rate (percentage of labor force)	8.2	8.4	8.7			
Rate, seasonally adjusted	8.3	8.8	9.2			
Civilian labor force, no. of persons (thous.)	5,448.	5,500.	5,429.	107.0	106.8	105.4
Initial claims for unemployment benefits	130,564.	106,406.	105,454.	90.9	87.0	85.7

Consumer Prices, all items	Urban Indexes (1967 = 100) 1985		1984	Percentage Change	
	April	*May*	*May*	*Month Ago*	*Year Ago*
U.S. city average	320.1	321.3	309.7	+0.4	+3.7
Philadelphia	312.4	314.2	298.7	+0.6	+5.2
Pittsburgh	324.3	n.a.	318.6†	n.a.	+1.8
Northeast PA	n.a.	306.0	294.7	n.a.	+3.8

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for April 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

claims for unemployment compensation and the value of construction contracts awarded for residential buildings.

The increase in the average weekly number of hours worked by factory production workers, though moderate-sized, was widespread. The average workweek lengthened in primary metals factories, other durable goods factories and nondurable goods factories alike.

New claims for unemployment benefits declined more than expected. The 4.4 percent drop in the seasonally adjusted level of initial claims brought it to just above the level of one year ago.

The lengthened workweek and the fewer claims suggest improving employment conditions in the following months. The improvement will come not only from service industries, but also from the building industries. Awards for new construction contracts rose dramatically in May.

Lower interest rates and anticipation of federal tax revision are key factors behind the recent surge in construction contracts. The seasonally adjusted value of contract awards rose more than 20 percent from April's level.

Most of the rise came from awards for nonresidential buildings, the value of which rose a seasonally adjusted 78 percent in May to its highest level ever for a single month. Despite the growing surplus of office space, businesses are pushing to get projects going in order to qualify for accelerated depreciation before the tax laws change. In the first five months of this year, the value of nonresidential building awards was more than 5 percent above the cumulative value in the first five months of last year.

At the same time, the housing industry is having its best year so far in the 1980s. The seasonally adjusted value of residential building awards rose 9 percent in May, and the cumulative total value in the first five months of the year was more than 21 percent above last year's five-month total.

On the other hand, after two months of big gains in

(continued on page 6.)

Pennsylvania Economic Studies, 1983-1984

The following is an update of the CFR publication, *Pennsylvania Economic Studies: A Bibliography*, which includes citations for articles, books, monographs, dissertations, theses and reports produced from 1947 through 1982. All works cited in this earlier publication contain some analysis of the economy of Pennsylvania, the economies of its counties or of regions that include all or part of the state, or the economy of Pennsylvania combined with the economies of other states.

The update includes similar works produced in 1983 and 1984, plus statistical compilations and planning documents, not included in the scope of the earlier publication. The 67 citations are arranged by broad subject classification.

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— *Prepared by Margaret E. Smith*

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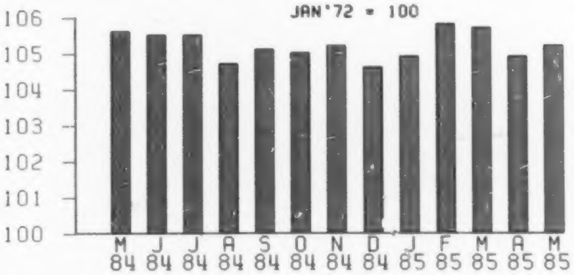
(continued from page 2)

Pennsylvania Composite Index of Leading Indicators



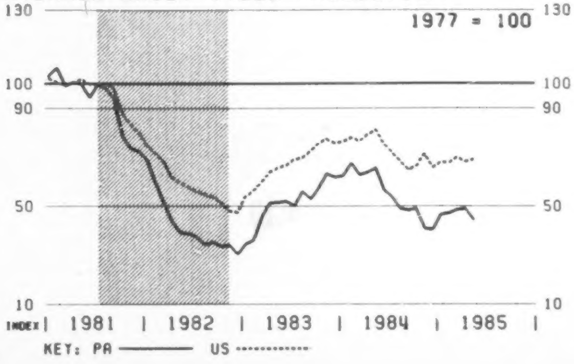
the seasonally adjusted value of contracts for nonbuilding structures (utilities and public works), a 39 percent drop was seen in May. But this series is highly volatile, and therefore a low value for a single month does not indicate a decline in activity. The cumulative value of these awards was almost 13 percent above last year's value.

Employment in construction industries continued to climb in May after slipping in April. May's 1.2 percent increase in the seasonally adjusted job level in this industry group brought it to 11.3 percent above the level of May 1984.

The decline in manufacturing activity in the state impacted on other economic indicators. Industrial electric power sales, a measure of short-run changes in industrial output, was unchanged in May after seasonal adjustment and was 4.7 percent less than it was one year earlier.

Steel production was down from last year's level by almost one-third. May's 9.5 percent drop in the seasonally adjusted average daily production of steel in Pennsylvania compares to a 1.4 percent drop nationwide. Consequently, the state's share of total national production dropped to 13.8 percent from the 15.2 percent registered in April.

The reduced factory production and employment levels resulted in smaller payrolls. Seasonally adjusted payrolls in the state's manufacturing industries slipped 0.5 percent in May to its lowest level since December 1983. After further adjustment for inflation, the over-the-year drop in factory payrolls measured 6.4 percent.



Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
May 1984	105.6	88.9	0.6	0.4
June	105.5	89.6	−0.1	0.7
July	105.5	88.7	0.0	−1.0
August	104.7	87.9	−0.8	−0.9
September	105.1	88.4	0.4	0.6
October	105.0	88.5	−0.1	0.1
November	105.2	88.6	0.2	0.1
December	104.6	88.8	−0.6	0.2
January 1985	104.9	88.3	0.3	−0.6
February	105.8	88.0	0.9	−0.3
March	105.7	88.2	−0.1	0.2
April	104.9	87.6	−0.8	−0.7
May	105.2	87.0	0.3	−0.7

Furthermore, production and employment in the state's mines continued to decline in May. Mines were operating with a work force only three-fourths the size prevailing in 1979, the year before the two most recent recessions.

Employment figures for Pennsylvania from the May Current Population Survey also show the impact of the contraction in manufacturing and mining. Total resident employment measured from this survey did not rise as expected, resulting in a seasonally adjusted decline of 0.9 percent.

Unemployment measured from the same survey rose in May, whereas a decline was expected. Consequently, the seasonally adjusted unemployment rate rose to 8.8 percent in May from 8.3 percent in April but remained below the 9.2 percent registered in May of 1984.

Nationally, total resident employment rose in line with the usual seasonal patterns for May and, after adjustment, was little changed over the month. Furthermore, both the seasonally adjusted level of unemployment and the jobless rate for civilian workers (7.3 percent) were at the levels that have prevailed since February.

Inflation remained moderate in May. Consumer price increases in the Philadelphia area continued to outpace the U.S. city average while prices were rising more slowly in the Pittsburgh area.

— *Norma I. Gavin*

Labor Market Experience Varies Among Population Groups

Employment rose almost 3 percent in Pennsylvania from the first quarter of last year to the first quarter of this year. But the increase was not evenly distributed across demographic groups. Males and blacks showed little or no employment growth while employment of females rose 6.6 percent and employment of whites advanced 3.4 percent. Teenage employment in the state rose 5.6 percent over the year.

Unemployment rates in the state also varied greatly over demographic groups. During the first quarter, they ranged from a high of 19.8 percent for teenagers to a low of 8.2 percent for whites. Employment dropped and unemployment rose over the quarter for most groups, but these movements were no more than expected from regular seasonal variation. After seasonal adjustment, the overall jobless rate was 8.0 percent — its lowest quarterly level in four years.

The reversal in the historical trend for female jobless rates to exceed those of males, first seen in the fourth quarter of 1981, continued in Pennsylvania during the first quarter of this year. However, the differential in the rates narrowed. Unemployment among males stood at 9.1 percent in the first quarter and was 0.7 of a percentage point higher than the female rate. In the same period of last year, the male jobless rate was 11.3 percent, which was 2.6 percentage points higher than the female rate.

But the narrowed differential represents little improvement in unemployment among females. While the male jobless rate has declined substantially over the year, the female rate was essentially unchanged. Employment gains among females have been absorbed by new entrants to the labor force. The female labor force participation rate, the proportion of women working as well as those looking for work, rose to 48.2 percent in the first quarter from 46.6 percent in the same quarter of last year.

The greater relative rise in female employment was due to the greater relative growth in female-dominated industries compared to male-dominated industries. For example, first-quarter-to-first-quarter employment growth rates in service industries and in finance, insurance and real estate industries were 4.4 percent and 4.0 percent, respectively. More than half the work force of these industry groups is female. This compares to a 1.3 percent decline in the number of jobs in the manufacturing industry group, which has a predominately male work force.

No improvement in the job picture for Pennsylvania blacks took place over the year. The black unemployment rate fell 5 full percentage points in the first quarter from the same quarter of last year, but the decline was not accompanied by an increase in employment. Instead, the lack of opportunities caused more blacks to become discouraged and temporarily leave the work force. The labor force participation rate for blacks fell to 44.4 percent in the first quarter from 50.2 percent a year earlier. The jobless rate for blacks at 16.7 percent in the first quarter was still twice the rate for whites.

Teenage unemployment at 19.8 percent in the first quarter has fluctuated between 17.5 percent and 25.6 percent during the past four years. Because the declining number of youths in this population group is expected to

Employment Data by Sex and Race and for Teenagers — Pennsylvania and the United States

	Number Employed	Percentage Change in Employment		Unemployment Rates			Labor Force Participation Rate		
	1985 I (in thousands)	Over Quarter	Over Year	1985 I	1984 IV	1984 I	1985 I	1984 IV	1984 I
Pennsylvania									
Total, seasonally adjusted	5,071	0.4	—	8.0	8.3	9.3	59.7	59.8	59.1
Total, unadjusted	4,929	-3.9	2.9	8.8	7.9	10.2	58.5	60.3	58.0
Male	2,724	-6.4	0.1	9.1	8.3	11.3	70.6	72.7	70.7
Female	2,205	-0.6	6.6	8.4	7.3	8.7	48.2	49.2	46.6
White	4,606	-3.2	3.4	8.2	7.0	9.3	60.0	60.5	58.7
Black	301	-4.7	-1.0	16.7	20.4	21.7	44.4	57.2	50.2
16-19 years old	282	-4.1	5.6	19.8	20.8	21.8	46.8	51.8	44.6
United States									
Total, seasonally adjusted	106,732	0.7	—	7.3	7.2	7.9	64.9	64.5	64.1
Total, unadjusted	104,934	-1.2	2.9	7.8	7.0	8.4	64.1	64.4	63.4
Male	58,358	-1.9	2.6	8.0	6.8	8.9	75.4	76.0	75.3
Female	46,577	-0.3	3.9	7.6	7.1	7.9	54.0	54.0	52.7
White	91,891	-1.0	2.2	6.8	6.0	7.4	64.4	64.7	63.8
Black	10,221	-1.9	5.7	15.4	14.6	16.7	61.8	62.7	60.4
16-19 years old	5,897	-3.3	2.8	19.4	18.2	20.6	50.1	51.2	48.4

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

be offset by rising participation rates, the youth labor force is projected to be about the same level this summer as last summer. The youth labor force generally increases sharply each summer, as students vie for temporary summer work and as high school and college graduates, many of whom were not in the labor force while attending school, seek regular jobs.

Nationally, employment gains were more evenly distributed across demographic groups, ranging from a low of 2.2 percent for whites and a high of 5.7 percent for blacks. Furthermore, unemployment rates for the nation were consistently lower than those in Pennsylvania, and national labor force participation rates were consistently higher and ranged within a narrower band.

— *Norma I. Gavin*

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NONMANUFACTURING LEADS THE WAY . . . AGAIN
Signs of Improvement in Manufacturing

Gains in the Pennsylvania nonmanufacturing sector again overshadowed continued weakness in manufacturing during June. The net result was positive, but far from spectacular, economic growth for the month.

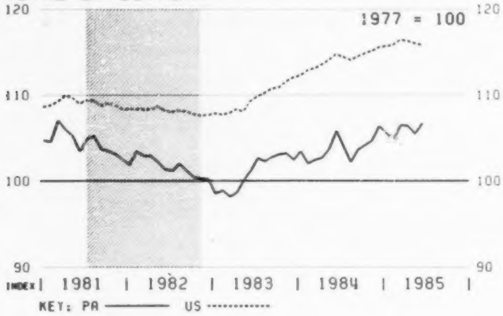
There were nearly 5.17 million Pennsylvania residents employed in June, up by 128 thousand from the previous month. This stronger than normal increase resulted in a seasonally adjusted increase of 1.1 percent, and left employment 0.9 percent higher compared to June 1984.

Resident unemployment totalled 517 thousand in June, up from May's 460 thousand. This unusually large increase translates into a 1.1 percent seasonally adjusted advance, putting the number of unemployed slightly below the year-earlier level. As a result of the nearly identical increases in employment, unemployment, and the labor force, the seasonally adjusted employment rate remained at 8.8 percent for the second consecutive month, but was down from the June 1984 8.9 percent rate.

Nationally, employment totalled 107.8 million in June, up 939 thousand from May. This less than normal increase resulted in a seasonally adjusted decline of 0.2 percent, and left employment 0.9 percent higher than in June 1984. There were nearly 8.8 million people unemployed in the nation during June, an increase of 742 thousand over May. As a result of this less than usual increase, there was a seasonally adjusted decline of 1.1 percent from May, leaving the number of unemployed 2.1 percent higher than in June 1984. The seasonally adjusted unemployment rate remained at 7.3 percent.

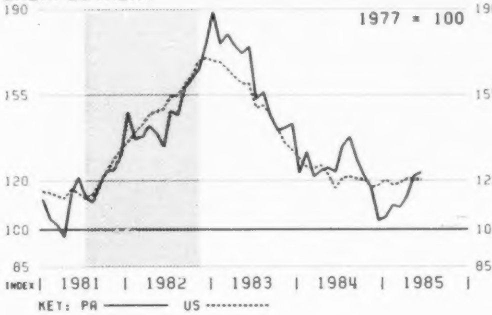
Employment in the State's nonagricultural establishments rose by 35 thousand in June to 4.77 million. The increase of 29 thousand in nonmanufacturing was larger than expected, and translates into a 0.4 percent seasonally adjusted advance. Manufacturing employment rose by a less than normal 6,000, for a 0.4 percent seasonally adjusted decline.

TOTAL EMPLOYMENT



SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

UNEMPLOYMENT



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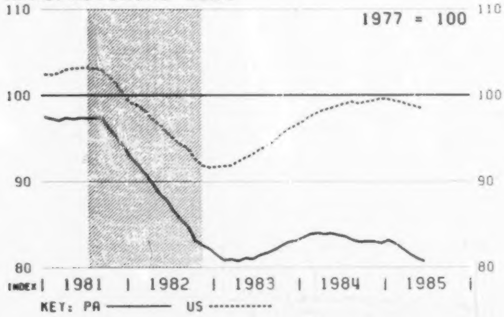
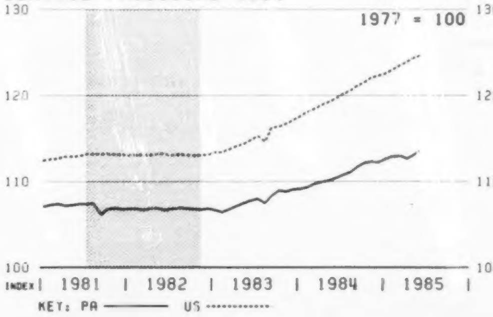
MANUFACTURING JOBS



SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

SERVICE-PRODUCING JOBS



SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **August 1985**

Total establishment-related employment rose by a seasonally adjusted 0.2 percent. Establishment-related employment grew 1.7 percent over the June-to-June period. Nonmanufacturing employment was up by 3.4 percent, while manufacturing employment fell by 3.7 percent.

Employment gains occurred in most of Pennsylvania's nonmanufacturing industries during June. The service-producing group, which accounts for a major portion of nonmanufacturing employment, realized a 0.5 percent seasonally adjusted increase in employment. Public utilities and services led the way with growth rates of 1.0 and 0.8 percent, respectively. Within the service-producing group, only transportation-related employment declined during the month. Construction employment rose by 4.5 percent, while a 2.2 percent decrease occurred in mining employment. All industries except mining and public utilities realized employment gains between June 1984 and June 1985.

The increase in durable goods employment in Pennsylvania during June was less than normal, resulting in a 0.8 percent seasonally adjusted decline from May and a 4.6 percent decline from June 1984. On the nondurables side, the advance was stronger than normal, resulting in a 0.1 percent seasonally adjusted increase. Between June 1984 and June 1985, nondurable goods employment fell by 2.5 percent.

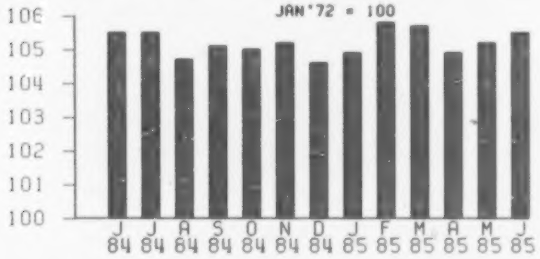
Nationally, nonagricultural employment increased by a seasonally adjusted 0.1 percent in June, leaving it 3.3 percent higher than in June 1984. Nonmanufacturing employment rose by a seasonally adjusted 0.2 percent. There was an increase in service-producing employment, while declines occurred in mining and construction. Manufacturing employment fell by a seasonally adjusted 0.2 percent during the month, and by 0.3 percent over the twelve-month period.

Additional evidence of sluggish manufacturing activity can be found in electric power sales to industrial customers. Sales by Pennsylvania utilities fell a seasonally adjusted 3.2 percent in June, and were 6.6

Economic Activity in Pennsylvania				Seasonally Adjusted Indexes (1977 = 100)		
	1985		1984	1985		1984
	May	*June*	*June*	*May*	*June*	*June*
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,730.*	4,765.	4,692.	103.0	103.2	101.5
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,638.*	3,666.	3,549.	112.1*	112.6	108.9
Manufacturing						
No. of wage and salaried jobs (thous.)	1,089.*	1,095.	1,136.	81.0	80.7	83.8
Ave. wkly. hrs. worked by prod. workers	39.6*	40.0	40.2	100.2*	100.8	101.5
Total wkly. person-hours worked (mils.)	29.4*	30.0	31.7	76.4*	76.8	81.1
Total wkly. payroll (mil. dols.)	280.7*	287.3	292.8	124.8*	126.1	128.6
Steel production (thous. tons)	1,077.	1,006.	1,236.	45.	46.	57.
Industrial electric power sales (mil. kwh)	3,472.	3,495.	3,692.	96.	93.	99.
Mining						
Anthracite coal (thous. net tons)	329.	308.	293.	68.	70.	65.
Bituminous coal (thous. net tons)	5,719.	n.a.	6,625.†	81.	n.a.	95.†
Construction contracts awarded (mil. dols.)						
Total	751.5	728.7	770.4*	227.	172.	182.*
Residential building	329.2	330.2	291.9*	179.	179.	157.*
Other building	289.9	157.4	269.6*	347.	134.	217.*
Nonbuilding (utilities and public works)	132.4	241.1	208.9*	139.	212.	180.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,040.	5,168.	5,122.	105.5	106.7	105.8
Unemployed						
No. of persons (thous.)	460.	517.	518.	122.0	123.3	123.5
Rate (percentage of labor force)	8.4	9.1	9.2			
Rate, seasonally adjusted	8.8	8.8	8.9			
Civilian labor force, no. of persons (thous.)	5,500.	5,685.	5,640.	106.8	108.0	107.2
Initial claims for unemployment benefits	106,406.	105,741.	108,249.	87.0	83.4	81.7

Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1985		1984	*Month*	*Year*
	May	*June*	*June*	*Ago*	*Ago*
U.S. city average	321.3	322.3	310.7	+0.3	+3.7
Philadelphia	314.2	314.2	300.0	0.0	+4.7
Pittsburgh	n.a.	325.9	319.7	n.a.	+1.9
Northeast PA	306.0	n.a.	294.7†	n.a.	+3.8

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for May 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.



PENNSYLVANIA COMPOSITE INDEX OF LEADING INDICATORS

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
November	105.2	88.6	0.2	0.1
December	104.6	88.8	−0.6	0.2
January 1985	104.9	88.3	0.3	−0.6
February	105.8	88.0	0.9	−0.3
March	105.7	88.2	−0.1	0.2
April	104.9	87.6	−0.8	−0.7
May	105.2	87.2	0.3	−0.7
June	105.5	87.8	0.2	0.7

percent lower than in June 1984.

There were, however, some signs of improvement in the manufacturing sector. The increase in total weekly hours worked and in total weekly payrolls was stronger than normal, resulting in seasonally adjusted increases of 0.5 and 1.0 percent, respectively. Both indicators were down from their June 1984 levels, total hours worked by 5.3 percent and payrolls by 1.9 percent. The average factory workweek rose by 0.2 of an hour to 39.8 hours per week after adjustment for seasonal variation. This is down from June 1984's level of 40.1 hours. Production in Pennsylvania steel mills rose by a seasonally adjusted 3.4 percent in June as a result of a lower than usual decline in output, but was down 18.8 percent over the June-to-June period. Furthermore, output in the State's coal mines edged up.

Construction activity, as measured by the value of contracts awarded, was sluggish in June. The dollar value of total construction contracts awarded was down by a seasonally adjusted 24.3 percent from May and was down by 5.9 percent from the previous year. All of the decline occurred in the nonresidential building category, where the value of contracts fell by a seasonally adjusted 61.3 percent. There was a seasonally adjusted increase in the nonbuilding category of 52.7 percent, while the slight increase in residential contracts was strictly seasonal.

Clearly, there are conflicting signals coming from the various sectors of the economy. These signals suggest a healthy nonmanufacturing sector coupled with a weak but perhaps improving manufacturing sector, giving rise to an economy moving ahead at a slow pace. There are serious doubts concerning the ability of the nonmanufacturing sector to keep the economy moving without help from manufacturing.

One of the largest problems facing manufacturers is the high value of the dollar in currency markets, causing an increase in the price of domestically produced goods relative to foreign goods. Any policy-induced reduction in the dollar's value will probably come from the fiscal side. A reduction in the budget deficit will lower interest rates and make dollar-denominated assets less attractive. The value of the dollar has declined in recent months, probably due to lower interest rates resulting from an easier monetary policy. However, any further relaxation would bring with it the fear of renewed inflation, and is unlikely.

Despite the problems associated with this diversity in the performance of the two sectors, the Pennsylvania index of coincident indicators, which tends to rise and fall with economic activity, rose by 0.7 percent, reversing two consecutive months of decline. The index of leading indicators, which predicts turning points in the business cycle, rose by 0.2 percent, the second consecutive increase in the index. Two of the three components of the index contributed to the increase. The decline in initial claims for unemployment insurance was more than seasonal, while the increase in the factory workweek was larger than usual. The increase in the third component, residential construction contracts, was no more than expected.

— William D. Anderson

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Around the State

It is often enlightening to compare the economic trends in the metropolitan areas to those at the State level. Statewide trends last quarter were as follows:

- Employment rose by a seasonally adjusted 0.6 percent from the first quarter and by 2.0 percent from a year ago.
- Unemployment rose by 10.6 percent during the quarter, but declined by 3.7 percent from a year earlier.
- Nonfarm employment declined by a seasonally adjusted 0.3 percent last quarter, leaving it 1.6 percent above a year ago.
- The average factory workweek was 39.7 hours per week, up by 0.1 of an hour from the first quarter, but down by 0.5 of an hour from last year. Last quarter's rise was less than normal.
- Electric power sales to industrial customers declined by an adjusted 1.0 percent from the first quarter and by 4.7 percent from last year.
- Residential construction jumped 86 percent on a quarterly basis and 17.4 percent on an annual basis when measured by the value of construction contracts. The value of nonresidential construction contracts rose by 43.6 percent, but fell by 1.3 percent from a year ago.

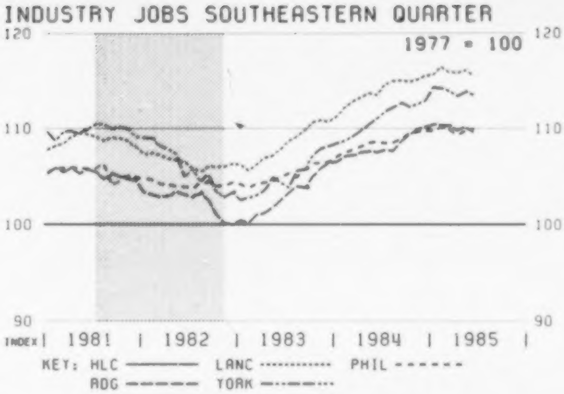
Southeastern Quarter

Harrisburg-Lebanon-Carlisle

Due to the relatively large role of its nonmanufacturing sector and the resulting lack of cyclical sensitivity, the Harrisburg-Lebanon-Carlisle area economy has moved forward at a fairly steady pace. Resident employment rose to 296.7 thousand in the second quarter for a 1.0 percent seasonally adjusted advance. During the twelve months ending with the quarter, employment in the area rose by 3.2 percent.

There was a seasonally adjusted increase of 8.4 percent in the number of unemployed during the quarter, leaving the figure a slight 0.8 percent above the year-earlier period. The unemployment rate rose by 0.3 points, to an adjusted 5.7 percent, putting it 0.2 points below last year.

Improvements have occurred in the area's economy since the "official" end of the national recession in the fourth quarter of 1982. Since then, employment increased by 8.0 percent and the unemployment rate fell 2.3 percentage points. Although total employment surpassed the level prevailing in 1979, a period preceding the back-to-back recessions early in this decade, both the number of unemployed and the unemployment rate failed to decline to 1979 levels.



Employment in nonagricultural establishments fell by a seasonally adjusted 0.1 percent in 1985:IIQ, to 274.3 thousand, leaving it 2.0 percent higher than in the year-ago period. All of the decline occurred in manufacturing, where employment fell by 1.7 percent from the previous quarter and by 4.0 percent over the year. Employment in nonmanufacturing grew at a seasonally adjusted quarterly rate of 0.3 percent and an annual rate of 3.6 percent.

Establishment-related employment in the area advanced considerably during the recovery, surpassing 1979 levels by 4.3 percent. In manufacturing, employment declined by 12.2 percent from 1979, but was still 0.6 percent higher than at the trough.

The average factory workweek rose by one-tenth of an hour, to 39.2 hours per week, well below last year's 39.9 hours. Reflecting the downturn in manufacturing activity, industrial power sales fell by 5.6 percent for the quarter and by nearly 24 percent over the year.

On the construction front, the value of residential building contracts awarded was double the previous quarter's level, and was 15.9 percent higher than in the year-ago period. The value of nonresidential contracts fell at a quarterly rate of 12.7 percent and an annual rate of 33.2 percent.

Lancaster

The Lancaster Metropolitan Statistical Area (MSA) experienced the lowest unemployment rate of all the regions in the just-ended quarter, 4.8 percent after seasonal adjustment. The 0.5 point rise in the rate from the previous period was partially the result of a 15.2 percent seasonally adjusted quarterly advance in the number of unemployed. Relative to the year-earlier quarter, the unemployment rate was the same, while the number of unemployed rose by 4.4 percent.

Employment in the Lancaster area totalled 187.7 thousand in the quarter, a 0.6 percent seasonally adjusted advance from the previous period, leaving it 3.0 percent higher than last year.

For the most part, the area's economy performed well relative to the trough and to 1979. Employment surpassed the latter level by 10.2 percent. The unemployment rate declined by an adjusted 3.1 points since the trough, and was but 0.3 points higher than in 1979. Although significantly below the 1982:IVQ trough level, the number of unemployed was 20 percent higher than in 1979.

Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	296.7	115.	114.	111.
Unemployed, no. of residents	17.4	118.	108.	117.
Rate, seasonally adjusted	5.7			
Civilian labor force, no. of residents	314.1	115.	114.	112.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	274.3	110.	110.	108.
Nonmfg. only, no. of jobs	222.4	115.	114.	111.
Mfg. only, no. of jobs	51.9	95.	96.	99.
Hrs. worked by production workers in mfg., *ave. weekly*	39.2	n.a.	n.a.	n.a.
Industrial electric power sales	***	71.	75.	94.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	56.2	+104.	+16.
Nonresidential contracts only	21.9	− 13.	−33.

[1] Cumberland, Dauphin, Lebanon, and Perry Counties

Lancaster Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	187.7	120.	119.	116.
Unemployed, no. of residents	9.3	117.	102.	112.
Rate, seasonally adjusted	4.8			
Civilian labor force, no. of residents	197.0	120.	118.	116.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	164.7	116.	116.	113.
Nonmfg. only, no. of jobs	107.7	126.	125.	120.
Mfg. only, no. of jobs	57.0	100.	102.	103.
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	100.	100.	100.
Industrial electric power sales	***	122.	124.	121.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	54.8	+ 70.	+ 13.
Nonresidential contracts only	11.4	+107.	+133.

[1] Lancaster County

Establishment-related employment was 2.0 percent higher relative to the year-ago period in the second quarter despite a 0.2 percent seasonally adjusted decline during the quarter. Again, all of the annual increase occurred in the nonmanufacturing sector, where employment grew by 4.8 percent over the 1984:IIQ-1985:IIQ period. Manufacturing employment fell by 2.7 percent over the same period.

Nonagricultural employment grew by 5.6 percent in the Lancaster area since 1979. Because manufacturing employment declined over the period by 6.7 percent, all of the advance occurred in the nonmanufacturing sector. Relative to the 1982:IVQ trough, manufacturing employment was 3.9 percent higher last quarter.

Despite the slump in manufacturing activity, the average workweek rose by 0.2 of an hour in the second quarter, to 39.5 hours per week, still below last year's level of 39.7 hours. Electric power sales to industrial customers fell by a seasonally adjusted 1.6 percent, but were higher than in the same period from last year by 0.9 percent.

Construction activity was impressive in the MSA during the second quarter. The value of contracts awarded for nonresidential construction more than doubled, while the value of residential contracts rose by 70 percent. Both categories experienced growth over the course of a year.

Philadelphia

As with most areas in the State, the Philadelphia regional economy moved ahead slightly in the second quarter despite a stronger than normal increase in unemployment. The number of unemployed increased by 5,000 in the second quarter, a seasonally adjusted 6.5 percent advance, giving rise to a 6.3 percent adjusted unemployment rate, up by three-tenths of a point. Unemployment was down from last year.

Resident employment rose by a seaonally adjusted 0.6 percent to over 2.1 million during the quarter. This is 1.6 percent higher than in the year-ago quarter.

The MSA was less severely affected by the recession in the early 1980's than most. Employment was actually higher at the trough than in 1979, and was 7.7 percent higher in the just-ended quarter relative to the pre-recessionary year. Although unemployment rose during the slump, the situation has since improved in that second quarter's level was 2.5 percent lower than in 1979. The unemployment rate was 0.7 points lower relative to 1979.

Employment in nonagricultural establishments increased less than expected in the second quarter, resulting in a 0.3 percent seasonally adjusted fall, leaving it 1.1 percent higher than a year ago. Manufacturing employment fell by 0.9 percent for the quarter and by 0.2 percent over the four-quarter period. The increase in ~~non~~manufacturing employment of 26 thousand was no more than normal, leaving the sector's employment level 1.6 percent higher than a year ago.

Philadelphia Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	2121.2	113.	112.	111.
Unemployed, no. of residents	145.7	82.	77.	86.
Rate, seasonally adjusted	6.3			
Civilian labor force, no. of residents	2266.9	110.	109.	109.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	2011.8	110.	110.	108.
Nonmfg. only, no. of jobs	1615.2	116.	116.	115.
Mfg. only, no. of jobs	396.1	89.	89.	89.
Hrs. worked by production workers in mfg., *ave. weekly*	40.0	101.	101.	101.
Industrial electric power sales	***	101.	99.	100.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	402.3	+71.	+26.
Nonresidential contracts only	347.6	+59.	− 3.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Manufacturing employment was 1.6 percent higher last quarter compared to the trough quarter, but was 12.9 percent less than in 1979. Still, nonagricultural employment was 4.4 percent higher last quarter compared to 1979.

Hours worked by the region's production workers fell by one-tenth of an hour, to 40 hours per week in the second quarter, down from 40.1 hours last year. Industrial power sales rose by a seasonally adjusted 2.4 percent during the quarter, and were 1.3 percent higher than in the year-ago period.

Both nonresidential and residential construction activity were up relative to the first quarter. Nonresidential activity was down slightly from last year, while on the residential side, the value of contracts awarded this past quarter was higher compared to a year earlier.

Reading

The Reading area followed a trend evident in many regions of the State last quarter. A slight 0.4 percent seasonally adjusted increase in total resident employment occurred despite an adjusted decline in establishment-related nonagricultural employment of the same amount. Both total and nonagricultural employment were higher relative to 1984:IIQ.

An extremely large 1,800 increase in the number of unemployed during the quarter helped push the unemployment rate up to a seasonally adjusted 7.6 percent, up from 6.3 percent in the previous period. The number of unemployed was nearly 16 percent higher than last year and the unemployment rate was up by six-tenths of a point.

Total employment in the Reading MSA last quarter was 9.2 percent higher than in 1979 and 11.8 percent higher than at the business cycle trough. Unemployment, although considerably lower than at the trough, failed to decline to pre-recession levels.

All of last quarter's decline in establishment-related employment was the result of a seasonally adjusted fall of 2.7 percent in manufacturing. Nonmanufacturing employment advanced at a 0.9 percent adjusted rate. Second quarter's trends typified the patterns evident throughout the year ending with the period. Manufacturing employment declined by 3.7 percent during the period, while on the nonmanufacturing side, there was a 5.8 percent increase in employment.

Compared to the trough quarter, manufacturing employment was 7.0 percent higher in the just-ended quarter. However, relative to 1979, the sector's employment was 6.5 percent lower. Due to strong growth in nonmanufacturing, total nonagricultural employment was up by 4.2 percent last quarter relative to 1979.

The average manufacturing workweek fell two-tenths of an hour to 40.2 hours per week, down from 40.6 hours last year. Electricity sales to industrial customers fell by a seasonally adjusted 8.7 percent during the quarter, and by 3.7 percent over the year.

Construction activity was up last quarter due to a large increase on the residential side, leaving it 15.4 percent higher than last year. Nonresidential construction was down from the first quarter and from a year ago.

Reading Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	154.5	116.	115.	112.
Unemployed, no. of residents	13.9	144.	115.	124.
Rate, seasonally adjusted	7.6			
Civilian labor force, no. of residents	168.4	118.	115.	113.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	144.8	110.	110.	108.
Nonmfg. only, no. of jobs	94.0	116.	115.	110.
Mfg. only, no. of jobs	50.8	100.	103.	104.
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	102.	104.	104.
Industrial electric power sales	***	118.	129.	122.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	31.5	+ 84.	+ 15.
Nonresidential contracts only	5.0	− 54.	− 79.

[1] Berks County

York

Total employment increased by 4,800 in the York MSA last quarter to nearly 174 thousand, a 0.5 seasonally adjusted advance from the first quarter. This left resident employment 3.8 percent higher than last year. The 18.3 percent seasonally adjusted increase in the number of unemployed helped push the unemployment rate up by 0.9 point, to 7.7 percent, two-tenths of a point below the year-ago rate. The number of unemployed was slightly above last year's level.

Strong improvements occurred in the area's economy since the recovery "officially" began. Total employment was 6.4 percent higher last quarter relative to 1979. Unemployment had not fallen to pre-recessionary levels, but was nearly 34 percent lower than at the trough.

Nonagricultural employment in the region's establishments rose by a less than seasonal 2,600 to

York Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	173.9	118.	118.	114.
Unemployed, no. of residents	15.0	150.	127.	147.
Rate, seasonally adjusted	7.7			
Civilian labor force, no. of residents	188.8	120.	118.	116.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	161.9	114.	114.	110.
Nonmfg. only, no. of jobs	103.0	124.	124.	118.
Mfg. only, no. of jobs	58.9	99.	101.	100.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	99.	100.	101.
Industrial electric power sales	***	105.	104.	103.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	36.7	+ 87.	+ 13.
Nonresidential contracts only	12.1	+ 61.	− 2.

[1] Adams and York Counties

161.9 thousand, a 0.5 percent adjusted decline. Despite last quarter's setback, establishment-related employment rose by 2.8 percent over the year. As in other areas, manufacturing employment declined, falling by a seasonally adjusted 2.0 percent, while nonmanufacturing employment rose by a slight 0.3 percent during the quarter. Employment in the region's manufacturing sector was lower than a year earlier, while in nonmanufacturing, it was higher.

Establishment-related employment grew by a seasonally adjusted 2.0 percent, while nonmanufacturing national recovery and was higher than in the pre-recessionary period last quarter. In the manufacturing sector, the growth from trough was 5.4 percent, but employment remained below 1979 levels.

The increase of two-tenths of an hour in the average factory workweek to 40.7 hours, was less than expected, resulting in a seasonally adjusted decline. Electricity sales to industrial customers rose by a seasonally adjusted 0.9 percent for the quarter and were 2.0 percent higher than a year ago.

The value of contracts awarded for the construction of nonresidential buildings rose by 61.3 percent during the period, but was slightly below last year's value. On the residential side, the value of contracts nearly doubled, and was 13.3 percent higher than last year.

Northeastern Quarter

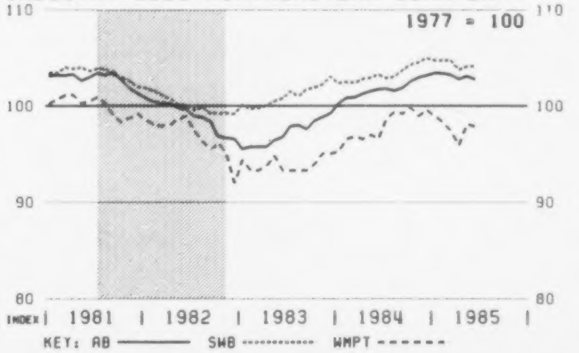
Allentown-Bethlehem

Total resident employment in the Allentown-Bethlehem metropolitan area last quarter grew at a seasonally adjusted rate of 0.8 percent, leaving it 2.4 percent above a year ago. Unemployment did not fall as expected, nudging the unemployment rate up 0.6 point to 8.2 percent for the quarter. However, unemployment was slightly lower than in 1984:IIQ.

There were considerable increases in employment and declines in unemployment since the beginning of the recovery. However, only employment was able to surpass pre-recession levels. Unemployment was still over 30 percent higher last quarter relative to 1979.

A seasonally adjusted 1.1 percent increase in nonmanufacturing jobs last quarter partially offset a 3.6 percent decline in manufacturing employment. Still, establishment-related employment fell by an adjusted 0.5 percent for the quarter. Factory employment declined more than 4.0 percent over the year, representing a loss of 3,800 jobs. The nonmanufacturing sector showed continued growth, employing 4.4 percent more workers than last year.

INDUSTRY JOBS NORTHEASTERN QUARTER



Nonfarm establishment employment was 6.4 percent higher than at the business cycle trough last quarter despite a 2.8 percent decline in manufacturing employment. Establishment-related employment was unchanged from 1979 levels.

The average factory workweek rose 0.2 of an hour last quarter to 39 hours per week, but the increase was less than normal, resulting in a seasonally adjusted decline. Last quarter's level was below the second quarter's from 1984. Industrial power sales declined slightly from the first quarter, but were up 4.1 percent from last year. Bethlehem realized increases in sales last quarter, while in Allentown and Easton, they dropped off 6.3 and 7.9 percent, respectively.

Construction activity in the area increased last quarter. The value of awards for future residential building construction increased 75 percent from the first quarter and were 4.0 percent ahead of the value in 1984:IIQ. The value of nonresidential contracts also advanced, increasing 24 percent from last quarter. However, the value of nonresidential building awards still lagged 28 percent behind 1984 levels.

Scranton-Wilkes-Barre

Economic conditions in the Scranton-Wilkes-Barre area of the State showed little change last quarter from those during the first quarter of the year. Total employment, at 308.9 thousand residents, increased at a 0.5 percent seasonally adjusted rate during the period, while total resident unemployment climbed 9.7 percent. Employment was up 2.0 percent from last year, complementing unemployment's 3.6 percent fall. The jobless rate averaged 10.3 percent, 0.8 point higher than last quarter's average, but one-half of a point lower than last year.

Employment in the second quarter was 6.3 percent higher than at the trough, while the number of unemployed was over 11 percent lower. Unemployment remained above pre-recession levels, but employment surpassed its 1979 level by 2.5 percent.

The area saw employment losses in both its manufacturing and nonmanufacturing sectors. Manufacturing employment declined by a seasonally adjusted 1.7 percent over the quarter to its lowest level in two years. Last quarter's loss of 400 jobs brought manufacturing employment down to 74.3 thousand. Nonmanufacturing industries contracted a slight 0.3 percent on a seasonally adjusted basis, leaving employment at 198.9 thousand. Despite this slight decline, industries in this sector maintained 2.6 percent more workers last quarter than during the second quarter of 1984.

Although manufacturing employment last quarter was slightly higher than in 1982:IVQ, it was still 15.5 percent below the 1979 level. Nonagricultural

Allentown-Bethlehem Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	291.6	107.	106.	105.
Unemployed, no. of residents	26.2	125.	113.	129.
Rate, seasonally adjusted	8.2			
Civilian labor force, no. of residents	317.8	108.	107.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	266.3	103.	103.	102.
Nonmfg. only, no. of jobs	177.8	119.	118.	114.
Mfg. only, no. of jobs	87.8	81.	84.	84.
Hrs. worked by production workers in mfg., *ave. weekly*	39.0	102.	102.	102.
Industrial electric power sales				
Metropolitan area	•••	109.	109.	104.
Allentown	•••	104.	111.	102.
Bethlehem	•••	115.	111.	107.
Easton	•••	90.	98.	99.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	67.4	+ 75.	+ 4.
Nonresidential contracts only	25.3	+ 24.	– 28.

[1] Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

employment ended last quarter 1.5 percent below its 1979 level.

The average factory workweek in the region fell by four-tenths of a hour last quarter to 37.7 hours, compared to last year's 38.2 hours per week. Industrial electric power sales in the area declined by 0.2 percent on a seasonally adjusted basis over the quarter, although Wilkes-Barre city registered an increase of over 11 percent in its power usage. Sales were down from last year's levels.

The area's construction industry picked up considerably last quarter. The value of residential building contracts was more than 100 percent higher than a quarter earlier and 29 percent higher than during the same quarter of 1984. Nonresidential contracts also increased in value last quarter by nearly 50 percent, but were still 55 percent behind 1984 levels.

Williamsport

Economic conditions in the Williamsport area continued to worsen during the second quarter of the year. Total resident employment in the area fell by a seasonally adjusted 0.2 percent last quarter and a 14 percent adjusted increase in unemployment helped push the unemployment rate up from 9.6 to 10.8 percent. Compared to a year ago, employment in the MSA was up and unemployment was down.

Despite considerable improvement since the onset of the economic recovery, evidenced by the unemployment rate's fall from 14.9 percent at the trough, the Williamsport economy did not generate enough jobs to push unemployment below 1979 levels or to increase employment past pre-recessionary levels.

There was a less than normal gain in nonfarm employment of 800 last quarter, which translates into a seasonally adjusted decline of 1.0 percent and left establishment-related employment just 0.6 percent greater than last year. The manufacturing sector had the higher share of job losses, with a 4.3 percent seasonally adjusted decline during the quarter and a 3.0 percent decline over the year ending with the quarter. The nonmanufacturing sector managed a slight 0.7 percent adjusted gain, leaving it 2.4 percent higher than last year.

Nonagricultural employment increased by 3.1 percent since the trough quarter, despite little help from manufacturing's slight 0.2 percent employment gain over the period. Due to manufacturing's sluggishness, nonfarm employment in the just-ended quarter was 7.2 percent less than in 1979.

Sales of industrial power continued to dip downward last quarter, but they did not fall as much as they did earlier in the year. Sales in the area fell by a seasonally adjusted 10.9 percent during the quarter and were 26.5 percent lower than during the second quarter of 1984.

One encouraging signal for the area was the increase in the average factory workweek last quarter to 39.1 hours per week. However, this is still below last year's average for the second quarter.

Construction activity was also up from first quarter levels. The value of residential building contracts increased 141 percent and ended the quarter 6.0 percent higher than a year earlier. Increases in non-residential construction awards were lower — up only 13 percent

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents				
Metropolitan area	308.9	109.	108.	107.
Lackawanna County[2]	95.8	109.	109.	107.
Luzerne County[3]	144.3	109.	109.	107.
Unemployed, no. of residents				
Metropolitan area	34.0	112.	102.	116.
Rate, seasonally adjusted	10.3			
Lackawanna County[2]	9.7	100.	86.	101.
Luzerne County[3]	17.7	123.	113.	129.
Civilian labor force, no. of residents				
Metropolitan	342.9	109.	107.	108.
Lackawanna County[2]	105.5	108.	106.	106.
Luzerne County[3]	162.1	111.	109.	109.
Local industries, Metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	273.4	104.	105.	103.
Nonmfg. only, no. of jobs	198.9	111.	112.	108.
Mfg. only, no. of jobs	74.3	89.	90.	92.
Hrs. worked by production workers in mfg., *ave. weekly*	37.7	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	•••	101.	102.	103.
Lackawanna County[2]	•••	106.	107.	103.
Luzerne County[3]	•••	96.	94.	100.
Hazleton	•••	90.	90.	90.
Wilkes-Barre	•••	99.	89.	104.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	60.7	+ 111.	+ 29.
Nonresidential contracts only	17.4	+ 47.	– 55.

[1] Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties
[2] Includes Scranton
[3] Includes Wilkes-Barre and Hazleton
[4] Excludes Wyoming County

Williamsport Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	46.5	101.	101.	99.
Unemployed, no. of residents	5.7	124.	109.	126.
Rate, seasonally adjusted	10.8			
Civilian labor force, no. of residents	52.2	103.	102.	102.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.1	97.	98.	97.
Nonmfg. only, no. of jobs	30.4	107.	106.	104.
Mfg. only, no. of jobs	14.7	82.	86.	85.
Hrs. worked by production workers in mfg., *ave. weekly*	39.1	100.	99.	102.
Industrial electric power sales	***	76.	85.	103.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	5.3	+141.	+ 6.
Nonresidential contracts only	6.3	+ 13.	−70.

[1] Lycoming County

during the quarter — and remained 70 percent below year-earlier levels.

Northwestern Quarter

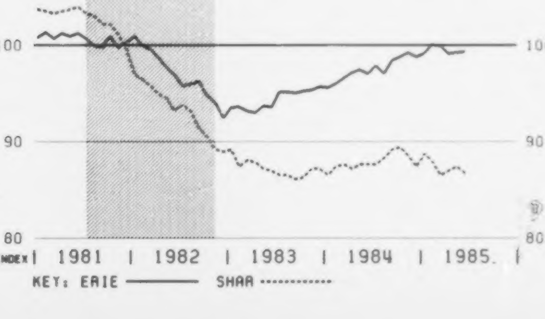
Erie

The Erie area economy had a sluggish second quarter. Employment in the region totalled 113.4 thousand, a seasonally adjusted increase of 0.5 percent, and was 2.9 percent higher than a year earlier. Unemployment did not decline as expected, causing a 12.4 percent adjusted increase and pushing the unemployment rate up nine-tenths of a point, to 9.5 percent. Total unemployment was down slightly from last year, while the unemployment rate was down by 0.4 point.

Resident employment in the MSA, though 7.8 percent higher than at the trough, did not achieve the levels of 1979. The situation was similar on the unemployment side. The low levels of 1979 were not reached, but significant reductions occurred since the 1982:IVQ trough.

Establishment-related employment fell by a seasonally adjusted 0.6 percent last quarter. Manufacturing and nonmanufacturing employment fell at adjusted rates of 1.0 and 0.2 percent, respectively. Increases from the year-ago quarter did occur in both sectors.

INDUSTRY JOBS NORTHWESTERN QUARTER



Relative to the trough quarter, nonagricultural employment in the Erie area rose by 5.8 percent. Due to the sluggish manufacturing sector, where employment declined by over 18 percent since 1979, establishment-related employment had not returned to pre-recessionary levels.

The average workweek for production workers fell by an unusually large 0.4 of an hour to 41.4 hours per week, down from last year's 42.3 hours. Manufacturing's slump also affected electricity sales to industrial customers which fell by a seasonally adjusted 0.6 percent, but grew by 7.3 percent over the year.

Both nonresidential and residential construction activity soared last quarter. There was a huge increase in the value of nonresidential construction contracts, leaving it 164 percent higher than a year-ago. The value of residential contracts nearly doubled, putting it well above last year's value.

Sharon

The Sharon regional economy was essentially flat in the second quarter. Resident employment rose by a seasonally adjusted 0.2 percent to 44 thousand. Although the absolute level of unemployment fell, the decline was less than normal, causing a seasonally adjusted increase of 6.1 percent and pushing the unemployment rate up one-half of a point to 10.7 percent. There were improvements on the employment/unemployment front over the four-quarter period ending last quarter.

The area suffered a decline in employment since the "trough" of 1982:IVQ. However, unemployment fell considerably as evidenced by the seasonally adjusted rate's decline from 18.9 percent of the labor force. Still, unemployment was a bigger problem in the second quarter of this year than it was in 1979.

Employment in Sharon's nonagricultural establishments rose by a less than normal 900 workers, to 39.9 thousand, for a seasonally adjusted decline of 0.7 percent. Both the manufacturing and nonmanufacturing sectors sufferred seasonally adjusted declines.

Erie Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	113.4	104.	104.	101.
Unemployed, no. of residents	12.0	133.	118.	134.
Rate, seasonally adjusted	9.5			
Civilian labor force, no. of residents	125.4	106.	105.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	109.9	99.	100.	97.
Nonmfg. only, no. of jobs	73.3	108.	108.	105.
Mfg. only, no. of jobs	36.6	85.	86.	84.
Hrs. worked by production workers in mfg., *ave. weekly*	41.4	101.	102.	103.
Industrial electric power sales	***	94.	94.	87.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	17.5	+ 97.	+ 65.
Nonresidential contracts only	28.0	+449.	+164.

[1] Erie County

Establishment-related employment fell over the year as the result of a 5.5 percent decline in manufacturing. Nonmanufacturing employment rose by a slight 1.3 percent from 1984:IIQ.

The recovery taking place nationally and in most other parts of the State did not materialize in Sharon's industrial sector. Manufacturing employment was down by a seasonally adjusted 10.5 percent last quarter compared to the trough, while the nonmanufacturing sector managed only a 0.2 percent gain.

Electricity sales to industrial customers declined by 2.0 percent on a seasonally adjusted basis from the first quarter and were 6.4 percent less than a year-ago.

Nonresidential construction activity slowed considerably from first quarter and year-ago levels. The value of residential permits was higher relative to the two earlier periods.

Sharon Area[1]

	Ave. mo. value *2 Q.'85*	Average monthly index seas. adj. (1977 = 100) *2 Q.'85*	*1 Q.'85*	*2 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents	44.0	92.	92.	91.
Unemployed, no. of residents	5.4	132.	124.	155.
Rate, seasonally adjusted	10.7			
Civilian labor force, no. of residents	49.4	95.	94.	96.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	39.9	87.	88.	88.
Nonmfg. only, no. of jobs	29.7	101.	101.	100.
Mfg. only, no. of jobs	10.2	62.	63.	66.
Industrial electric power sales	***	104.	107.	112.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	7.7	+ 71.	+ 17.
Nonresidential contracts only	1.6	− 80.	− 76.

[1] Mercer County

Southwestern Quarter

Altoona

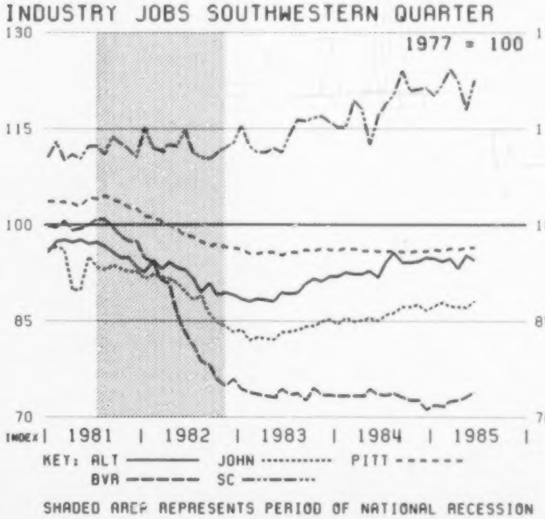
Total resident employment in the Altoona area rose by a seasonally adjusted 0.6 percent from the first quarter of the year, bringing the total number of employed residents to 50.9 thousand compared to last year's 49.4 thousand. As in other regions of the State, total unemployment rose, increasing by an adjusted 15.8 percent from the previous quarter. That pushed the seasonally adjusted unemployment rate up one point, to 10.5 percent. Unemployment was down from a year ago.

Employment was up by 7.4 percent from the 1982:IVQ trough level, but was 3.2 percent below pre-recessionary levels. Unemployment was considerably lower than at the trough, but had not declined to 1979 levels.

Overall, employment in nonagricultural establishments showed a seasonally adjusted decrease of 0.3 percent from the first quarter, but still was 2.2 percent higher than in the second quarter of last year. Job increases were found only in the nonmanufacturing sector which realized a 0.7 percent adjusted gain, leaving the sector's employment 3.8 percent higher than last year. Manufacturing's job levels, on the other hand, declined by a seasonally adjusted 3.6 percent last quarter and 3.2 percent during the year ending with the quarter.

Establishment-related employment last quarter was 5.7 percent greater than at the trough, but 7.5 percent less than in 1979. Manufacturing employment was lower relative to the fourth quarter of 1982 and, like nonmanufacturing employment, was well below pre-recessionary levels.

The construction industry showed significant gains in the Altoona area last quarter. The value of residential building contracts increased 73 percent from the first three months of the year and nonresidential building contracts showed a 70 percent improvement during that time period. And while residential building awards gained only 6.0 percent in value from the second quarter of 1984, nonresidential contracts were valued more than 200 percent higher than the year before.



Altoona Area[1]

	Ave. mo. value *2 Q.'85*	Average monthly index seas. adj. (1977 = 100) *2 Q.'85*	*1 Q.'85*	*2 Q.'84*
Employment *(in thousands)*				
Employed, no. of residents	50.9	99.	98.	96.
Unemployed, no. of residents	5.9	151.	130.	167.
Rate, seasonally adjusted	10.5			
Civilian labor force, no. of residents	56.8	103.	100.	101.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	48.7	94.	95.	92.
Nonmfg. only, no. of jobs	37.7	98.	97.	94.
Mfg. only, no. of jobs	11.1	84.	87.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	39.8	103.	101.	104.
Industrial electric power sales	***	82.	82.	85.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	7.6	+ 73.	+ 6.
Nonresidential contracts only	5.1	+ 70.	+ 219

[1] Blair County

Johnstown

Resident employment in the Johnstown area rose by a seasonally adjusted 1.0 percent last quarter and ended the quarter 3.9 percent higher than last year. Total unemployment in the area rose by an adjusted 7.7 percent as there was an influx of workers into the civilian labor force. This nudged the unemployment rate up 0.7 point, ending the quarter at 12.8 percent. Despite last quarter's setbacks, unemployment was down from a year ago.

Compared to the trough quarter, employment in the area was up last quarter by 5.9 percent and the unemployment rate was down from 20.6 percent of the labor force. The economy was operating at a level far below that of 1979.

The manufacturing sector suffered the bulk of area job losses. Due to a less than normal increase of only 200 jobs, employment in the sector decreased by a seasonally adjusted 2.0 percent. The nonmanufacturing sector gained a larger than normal 2,100 jobs for a 0.4 percent adjusted increase. Manufacturing employment was down compared to a year ago, while nonmanufacturing employment was up.

Although factory workers put in slightly fewer hours per week last quarter, industrial power sales rose a hefty 14.1 percent. This increase may reflect the installation of an electric furnace in the area's Bethlehem steel plant. Sales were down by 5.5 percent from last year.

Construction activity was strong in the area last quarter. The value of residential building contracts almost doubled, while nonresidential awards increased in value more than one and one-half times. Contract values in both sectors also remained higher than year-earlier levels.

Pittsburgh-Beaver Valley

Mirroring trends throughout the State, the Pittsburgh-Beaver Valley area economy moved forward last quarter, although growth was held down due to a sluggish manufacturing sector. Total resident employment grew by a seasonally adjusted 1.1 percent in the four-county Pittsburgh region and by 2.8 percent in Beaver County. Unemployment rose, as evidenced by the increases in the seasonally adjusted indexes, leaving Beaver County with the highest unemployment rate in the State at 14 percent. Relative to year-ago levels, employment was up throughout the region, as was unemployment in Beaver County. In the Pittsburgh area, unemployment was down from last year.

Johnstown Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	88.6	91.	90.	88.
Unemployed, no. of residents	12.9	122.	114.	133.
Rate, seasonally adjusted	12.8			
Civilian labor force, no. of residents	101.5	94.	93.	92.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	77.4	88.	88.	85.
Nonmfg. only, no. of jobs	64.9	97.	97.	93.
Mfg. only, no. of jobs	12.4	58.	59.	60.
Hrs. worked by production workers in mfg., *ave. weekly*	37.0	94.	95.	97.
Industrial electric power sales	***	150.	131.	158.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only	15.4	+ 97.	+22.
Nonresidential contracts only	14.4	+153.	+ 7.

[1] Cambria and Somerset Counties

Resident employment in Beaver County was down by nearly 1.0 percent compared to the 1982:IVQ trough, while it had advanced by a slight 1.6 percent in the Pittsburgh area. Although unemployment had fallen considerably since the economy "officially" bottomed out, it was still 63 percent greater in the Pittsburgh area relative to 1979 levels and more than twice as great in Beaver County.

There was a less than normal increase of 400 jobs in Pittsburgh's manufacturing sector which translates into a seasonally adjusted decline of 1.6 percent, as opposed to Beaver County's 1.4 percent advance. Nonmanufacturing employment rose in both areas. Manufacturing employment was down compared to a year ago and nonmanufacturing employment was up.

Pittsburgh-Beaver Valley Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	867.2	101.	100.	99.
Beaver County	69.1	77.	75.	76.
Unemployed, no. of residents				
Pittsburgh[1]	96.4	155.	145.	174.
Beaver County	10.6	171.	156.	169.
Unemployment Rate, seas. adj.				
Pittsburgh[1]	10.1			
Beaver County	14.0			
Civilian labor force, no. of residents				
Pittsburgh[1]	963.7	105.	103.	104.
Beaver County	79.7	83.	80.	83.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs				
Pittsburgh[1]	842.8	96.	96.	96.
Beaver County	56.4	73.	72.	74.
Nonmfg. only, no. of jobs				
Pittsburgh[1]	703.5	108.	107.	105.
Beaver County	40.2	104.	102.	101.
Mfg. only, no. of jobs				
Pittsburgh[1]	138.9	63.	64	69.
Beaver County	16.2	42.	42.	47.
Hrs. worked by production workers in mfg., *ave. weekly*				
Pittsburgh[1]	40.5	n.a.	n.a.	n.a.
Beaver County	39.6	n.a.	n.a.	n.a.
Industrial electric power sales	***	68.	71.	82.

Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	Percentage Change *Quarter Ago*	*Year Ago*
Residential contracts only			
Pittsburgh[1]	128.5	+ 89.	+ 3.
Beaver County	8.4	+100.	−29.
Nonresidential contracts only			
Pittsburgh[1]	173.4	+ 59.	+73.
Beaver County	6.0	+445.	+ +

[1] Allegheny, Fayette, Washington and Westmoreland Counties

There were large declines in manufacturing employment throughout the region since the onset of the recovery. This helped keep establishment-related employment 3.0 percent below trough levels in Beaver County and 0.2 percent below in the Pittsburgh area.

The average factory workweek rose in the Pittsburgh area but declined in Beaver County. Last year's second quarter workweek was higher. Electrical power sales fell by a seasonally adjusted 3.4 percent last quarter as the result of manufacturing's sluggishness. Sales were 17 percent lower than last year.

On the construction front, the value of residential building awards rose 89 percent in the Pittsburgh area and doubled in Beaver County. Nonresidential awards were 59 percent more valuable in the Pittsburgh area and more than four times more valuable in Beaver County than they were a quarter earlier.

State College

Total employment in the State College region rose by an unusually large 1,300 in the just-ended quarter to 50.4 thousand, a 1.6 percent seasonally adjusted advance, leaving it 6.0 percent higher than last year. Unemployment did not decline as much as expected, resulting in a 7.5 percent seasonally adjusted rise and a 0.6 point increase in the unemployment rate to 7.9 percent. The number of unemployed was higher compared to last year, while the unemployment rate remained the same.

As with most other regions of Pennsylvania, the State College area economy improved considerably since the recovery began. Employment was up by 11.7 percent in the second quarter relative to the trough. Unemployment was down from the trough quarter, but had not declined to 1979 levels.

Although establishment-related employment rose by 400 in the second quarter, the rise was less than normal, resulting in a 1.1 percent seasonally adjusted fall. Still, this measure of employment was 4.3 percent higher than a year ago. The biggest decline last quarter came in manufacturing, where employment fell by an adjusted 1.2 percent, leaving it 1.9 percent less than last year. Nonmanufacturing employment fell by a seasonally adjusted 0.9 percent during the quarter, but was still 5.7 percent higher than a year ago.

Nonagricultural employment in both sectors increased significantly since 1982:IVQ with manufacturing employment increasing by 10.0 percent and nonmanufacturing by 7.7 percent. Furthermore, manufacturing employment in the region surpassed its 1979 level by 9.3 percent.

Industrial power sales fell last quarter by a seasonally adjusted 2.4 percent, reflecting the decline in manufacturing activity. Sales were also down by 5.5 percent from the year-earlier level.

Construction activity in the area was up in the just-ended quarter despite a large fall on the nonresidential side. Both residential and nonresidential activity increased relative to a year ago.

State College Area[1]

	Ave. mo. value 2 Q.'85	Average monthly index seas. adj. (1977 = 100) 2 Q.'85	1 Q.'85	2 Q.'84
Employment *(in thousands)*				
Employed, no. of residents	50.4	123.	121.	116.
Unemployed, no. of residents	4.2	164.	153.	155.
Rate, seasonally adjusted	7.9			
Civilian labor force, no. of residents	54.6	126.	123.	119.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	49.5	121.	122.	116.
Nonmfg. only, no. of jobs	41.5	121.	122.	114.
Mfg. only, no. of jobs	8.0	123.	124.	125.
Industrial electric power sales	***	100.	103.	106.
		Percentage Change		
Construction contracts awarded *(in millions of dollars)*	Total 2 Q.'85	*Quarter Ago*		*Year Ago*
Residential contracts only	20.3	+ 49.		+ 14.
Nonresidential contracts only	2.1	− 63.		+ 5.

[1] Centre County

— *William D. Anderson*
— *Anita J. Katz*

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EMPLOYMENT UP, UNEMPLOYMENT DOWN

The Pennsylvania economy continued its moderate expansion in July despite little help from manufacturing. Resident employment rose to record levels in both adjusted and unadjusted terms, increasing a seasonally adjusted 0.3 percent. This is the second consecutive monthly advance, leaving the average level of employment during the first seven months of this year 2.5 percent higher than last year. Nationally, employment rose a slightly higher 0.5 percent in July.

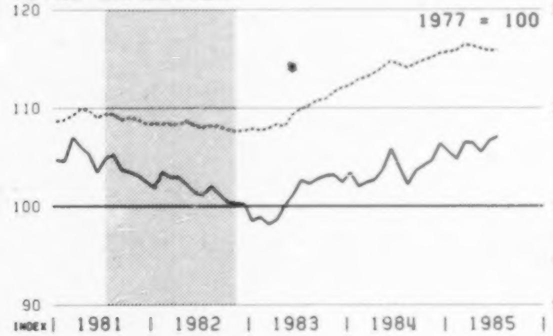
Resident unemployment fell a seasonally adjusted 9.6 percent to 446.9 thousand, its lowest level since March. The same improvement did not occur nationally where the number of people counted as unemployed rose 1.1 percent. Despite the sluggishness which beset the State's economy during the first half of the year, the average level of unemployment during the first seven months of 1985 was still 10 percent less than a year ago. The unemployment rate fell 1 percentage point to 7.8 percent, the largest monthly drop since a similar decline last December.

The decline in the unadjusted level of establishment-related nonagricultural employment at both the State and national levels was less than expected resulting in identical 0.3 percent seasonally adjusted advances, the third straight monthly increase in Pennsylvania. Seasonally adjusted nonfarm employment in the State is at its highest level since 1981 and its January-July average is 1.8 percent higher than a year ago.

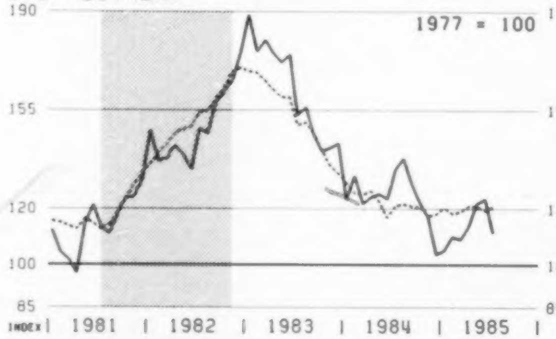
All of the establishment-related employment growth in Pennsylvania occurred in the nonmanufacturing sector where the seasonally adjusted level of employment reached an all-time high in rising 0.5 percent. This year's seven-month average is 3.3 percent higher than last year's. Nearly all of July's gains came in the service-producing group where employment rose 0.6 percent, the third straight monthly increase. Employment in Pennsylvania mines fell 2.6 percent while the number of construction jobs rose slightly. Nationally, nonmanufacturing employment grew 0.4 percent.

Manufacturing employment fell 0.7 percent on a seasonally adjusted basis in Pennsylvania and by 0.1 percent nationally. July is the sixth consecutive month in

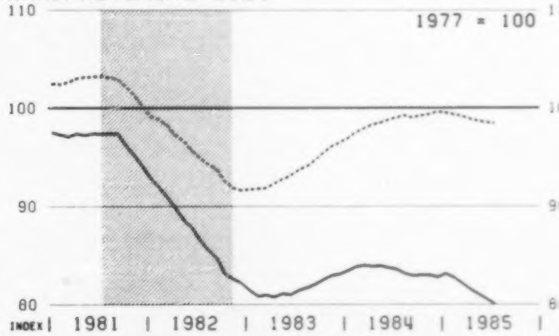
TOTAL EMPLOYMENT



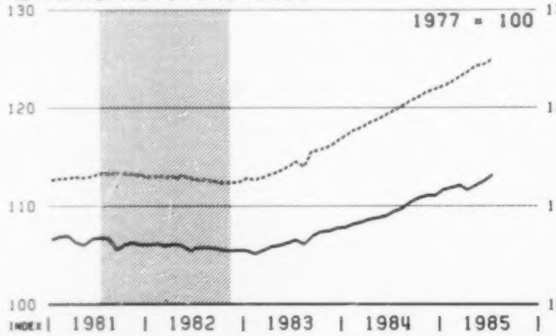
UNEMPLOYMENT



MANUFACTURING JOBS



NONMANUFACTURING JOBS



SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

KEY: PA ——— US ············

PENNSYLVANIA BUSINESS SURVEY

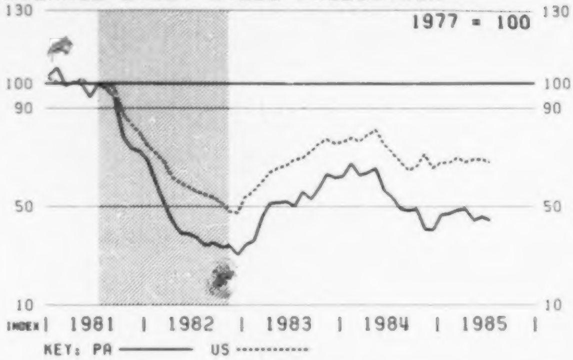
College of Business Administration The Pennsylvania State University **September 1985**

which factory employment declined in the State. So far this year, the average manufacturing employment level has been 2.6 percent below last year's. The bulk of July job losses were in the durable goods industries where employment fell a seasonally adjusted 0.9 percent and 28 thousand jobs have been lost since December. Employment in the nondurable goods subsector, where 10 thousand jobs have been lost since December, fell 0.1 percent in July.

There were few positive signs in manufacturing. In addition to the loss of jobs, total hours worked and total payrolls declined in July and were below year-ago levels. Steel production fell in both adjusted and unadjusted terms with average daily output falling a seasonally adjusted 3.1 percent. Pennsylvania accounted for 12.9 percent of total U.S. steel production in July, down from 1984's average market share of 15.7 percent. One encouraging sign was electric power sales to industrial customers, a short-run indicator of industrial production. Sales rose a seasonally adjusted 1.7 percent following June's decline, but were down considerably from year-ago levels.

As a result of manufacturing's difficulties, the Pennsylvania index of coincident indicators, which tends to rise and fall with the business cycle and is heavily influenced by developments in the manufacturing sector, fell 0.3 percentage point to 87.4 on the heels of June's 0.6 point increase. Two of the three components of the index, manufacturing employment and real earnings by the State's production workers, fell. The third component, resident employment, rose.

AVERAGE DAILY STEEL PRODUCTION



The index of leading indicators, which tends to signal

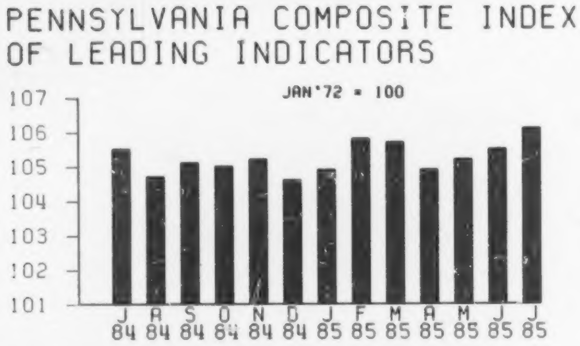
Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1985		1984	1985		1984	1985		1984
	June	*July*	*July*	*June*	*July*	*July*	*June*	*July*	*July*
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salaried jobs (thous.)[1]	4,760*	4,736	4,666	4,709*	4,721	4,648	103.1*	103.4	101.8
Nonmanufacturing									
No. of wage and salaried jobs (thous.)	3,664*	3,658	3,537	3,628*	3,647	3,526	112.5*	113.2	109.4
Manufacturing									
No. of wage and salaried jobs (thous.)	1,093*	1,075	1,123	1,081*	1,074	1,122	80.6*	80.0	83.6
Ave. wkly. hrs. worked by prod. workers	40.0	40.0	40.1	39.8	40.0	40.2	100.8	101.3	101.7
Total wkly. person-hours worked (mils.)	29.9*	29.2	31.0	29.4*	29.3	31.2	76.5*	76.4	81.4
Total wkly. payroll (mil. dols.)	285.8*	279.6	287.8	281.8*	281.6	290.2	125.4*	125.3	129.1
Steel production (thous. tons)	1,002*	907	1,101	n.a.	n.a.	n.a.	45.9	44.5	53.9
Industrial electric power sales (mil. kwh)	3,495	3,469	3,658	3,426	3,483	3,651	92.8	94.3	98.8
Mining									
Anthracite coal (thous. net tons)	308	301	384	343	302	401	70.1	61.9	82.1
Bituminous coal (thous. net tons)	5,023	n.a.	6,436†	5,170	n.a.	6,458†	73.3	n.a.	91.6†
Construction contracts awarded (mil. dols.)									
Total	728.7	694.6	645.9*	551.9	592.4	542.8*	171.5	184.1	168.7
Residential building	330.2	345.2	265.3*	252.2	291.1	221.8*	179.2	206.8	157.6*
Other building	157.4	208.5	292.6*	145.8	152.4	229.5*	134.3	140.5	211.6*
Nonbuilding (utilities and public works)	241.1	140.9	88.0*	153.9	148.9	91.5*	212.4	205.4	126.3*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,168	5,288	5,139	5,129	5,145	5,000	106.7	107.1	104.1
Unemployed									
No. of persons (thous.)	517	450	540	494	447	537	123.3	111.5	133.9
Rate (percentage of labor force)	9.1	7.8	9.5						
Rate, seasonally adjusted				8.8	7.8	9.5			
Civilian labor force, no. of persons (thous.)	5,685	5,738	5,679	5,623	5,592	5,537	108.0	107.4	106.4
Initial claims for unemployment benefits	105,741	137,398	129,681	119,417	124,152	120,639	83.4	86.7	84.3

Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1985		1985	*Month*	*Year*
	June	*July*	*July*	*Ago*	*Ago*
U.S. city average	322.3	322.8	311.7	+0.2	+3.6
Philadelphia	314.2	315.5	301.4	+0.4	+4.7
Pittsburgh	325.9	n.a.	319.7†	n.a.	+1.9
Northeast PA	n.a.	306.6	297.3	n.a.	+3.1

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.

[1] Total includes workers on strike. * = figure revised † = figure for June 1984 n.a. = data not available

SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.



future changes in the business cycle, rose 0.5 percentage point in July to 106.1 on the strength of a seasonally adjusted 0.2 hour increase in the average factory workweek to 40 hours per week and a 15.4 percent increase in the seasonally adjusted value of residential construction permits. The third component of the index, initial claims for unemployment insurance, rose a seasonally adjusted 4 percent, perhaps signalling a worsening unemployment situation.

Elsewhere on the construction front, the value of nonresidential building contracts rose a seasonally adjusted 4.5 percent and nonbuilding permits fell an adjusted 3.2 percent. The net result was a 7.3 percent rise in the value of total construction contracts awarded. During the first seven months of this year, total contract values were 8.3 percent higher than a year earlier.

Inflation, as measured by the rise in the consumer price index, appears to be under control in both the nation and the three metropolitan areas in Pennsylvania for which data is collected. A major issue concerns the future behavior of the Federal Reserve. To reduce inflationary fears, the Fed could tighten its hold on credit thereby raising interest rates. This would reduce money supply growth and depress economic activity. On the other hand, the central bank could maintain its current hold on credit or ease up even more. This could bring about a reduction in interest rates leading to even faster money supply growth. However, excessive money supply growth could "overheat" the economy causing inflation and high interest rates. Recent evidence leads many economists to beleive that the Fed will keep its hold on credit the same, allowing the money supply to continue to grow at its recent healthy rates.

— *William D. Anderson*

MODEST RISE IN FIRST QUARTER INCOME

Pennsylvania personal income rose to $151.8 billion in the first quarter of 1985. Personal income is the total income received by individuals that is available for consumption, saving, and payment of personal taxes. It is made up of net earnings; dividends, interest, and rental income (DIR); and transfer payments.

First quarter's level was 1.4 percent greater than in 1984:IVQ compared to the 1.5 percent gain which occurred in the nation. The advance is higher than the previous quarter's 0.9 percent rise and reverses a three-quarter trend in which the rate of change was on the decline. Personal income grew 6.7 percent in Pennsylvania over the 1984:IQ-1985:IQ period compared to the nation's 7.7 percent rise.

All three components of Pennsylvania personal income rose in the first quarter. However, first quarter growth accounted for a disproportionate share of the year-to-year advance. Of the 5.4 percent increase in the net earnings of Pennsylvania residents over the 1984:IQ-1985:IQ period, less than one-fifth occurred in the latest quarter. A very small portion of the annual change in the DIR category occurred in the period while two-thirds of the rise in transfer payments originated in the first quarter. These trends illustrate the sluggishness in the Pennsylvania economy which set in late last year and continued through into this year.

Nationally, the growth in two of the three components, net earnings and DIR, was higher than in Pennsylvania during the first quarter. The advance in transfer payments was lower in the U.S. Over the year, the growth in all three components was higher in the nation.

The gains in personal income represent "real" gains in purchasing power. Prices, as measured by the implicit price deflator for personal consumption expenditures, rose just 0.8 percent during the quarter and 3 percent over the year.

Within Pennsylvania's nonfarm sector, the only industry showing a decline in income during the first quarter was durable goods manufacturing where earnings fell 0.7 percent. This decline reflects a slowdown in domestic manufacturing activity that is partially the result of intense foreign competition. The only industry with lower annual growth in earnings than durable goods manufacturing was mining. Still, mining had a strong first quarter this year in that income rose 7.7 percent, the highest advance for all industries. Other big gainers

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Personal Income by Major Source, Seasonally Adjusted at Annual Rates — Pennsylvania and the United States

	Pennsylvania			United States		
	1985 I *(mil. dols.)*	Percentage Change *Quarter Ago*	Percentage Change *Year Ago*	1985 I *(mil. dols.)*	Percentage Change *Quarter Ago*	Percentage Change *Year Ago*
Labor and proprietors income by place of work	103,855	1.4	5.6	2,233,270	1.7	7.1
By type						
Wage and salary disbursements	86,031	1.4	5.1	1,872,297	1.9	7.3
Other labor income	10,748	1.5	7.1	206,161	1.9	9.7
Proprietors income	7,076	0.8	10.6	154,812	-1.0	2.3
By industry						
Farm	838	-16.5	23.2	33,191	-15.0	-18.1
Nonfarm	103,017	1.6	5.5	2,200,079	2.0	7.6
Private	89,126	1.7	5.9	1,832,852	1.9	7.8
Ag. serv., for., fish., and other	285	5.2	12.2	9,408	4.8	7.1
Mining	1,431	7.7	1.1	36,779	0.3	8.1
Construction	5,441	5.6	15.9	123,295	4.8	10.9
Manufacturing	29,439	-0.2	2.0	528,491	1.2	5.8
Nondurable goods	10,833	0.7	3.3	190,375	0.9	3.9
Durable goods	18,606	-0.7	1.3	338,117	1.4	7.0
Transportation and public utilities	7,825	2.1	5.6	168,962	1.0	6.2
Wholesale trade	6,538	2.5	10.2	150,591	1.8	9.1
Retail trade	9,240	1.0	4.5	210,577	1.9	6.8
Finance, insurance, and real estate	6,210	1.5	6.9	145,702	1.8	7.6
Services	22,719	2.9	8.3	459,047	2.5	10.0
Government	13,891	0.9	3.3	367,227	2.4	6.8
Federal, civilian	3,572	2.0	3.9	81,180	3.3	5.0
Federal, military	665	1.8	7.1	38,615	3.8	4.7
State and local	9,653	0.4	2.8	247,433	1.9	7.7
Total personal income	151,843	1.4	6.7	3,129,096	1.5	7.7
Nonfarm personal income	151,005	1.5	6.6	3,095,905	1.7	8.0
Net labor and proprietors income[1]	96,472	1.0	5.4	2,086,702	1.3	6.7
Dividends, interest and rent	28,844	0.4	11.6	602,790	0.4	11.6
Transfer payments	26,527	4.3	6.4	439,604	4.2	6.9

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, July 1985.

[1] Total earnings by place of work less personal contributions for social insurance and plus an adjustment for residence.

were the agricultural services and construction industries which, along with wholesale trade, also saw the largest income advances on an annual basis.

Nationally, all nonfarm industries had income gains in the first quarter. Although quarterly growth in nonfarm income was 2 percent in the U.S. and 1.7 percent in Pennsylvania, there were six industries which realized stronger advances in the State compared to the nation: agricultural services, mining, construction, transportation and public utilities, wholesale trade, and services. Over the course of a year, only four nonfarm industries in Pennsylvania, one of which was the military, realized stronger income growth than did the nation.

— *William D. Anderson*

PENNSYLVANIA BUSINESS SURVEY
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Mixed News in August

At first glance, there appeared to be some encouraging developments in Pennsylvania's work force during August, evidenced by a seasonally adjusted 0.3 percentage point fall in the unemployment rate to 7.5 percent, its lowest level since April 1981. The number of unemployed fell to 427 thousand, its lowest level since January. However, resident employment dropped an adjusted 0.5 percent to just over 5.1 million, implying that the decline in unemployment was the result of job-seekers leaving the labor force rather than finding work. Still, employment was approximately 200 thousand greater than a year-ago.

Comparable national figures show that employment rose a seasonally adjusted 0.2 percent during August. The number of people counted as unemployed fell an adjusted 3.3 percent and the civilian unemployment rate fell to 7 percent on a seasonally adjusted basis from 7.3 percent in July.

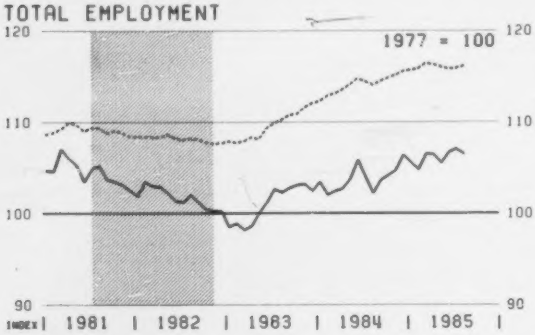
Employment in Pennsylvania's nonagricultural establishments rose a seasonally adjusted 0.2 percent to over 4.7 million. This increase, the result of an unexpectedly large rise in the unadjusted series, leaves this measure of employment 72 thousand above a year ago. As has been the case in the past several months, all of the advance is attributable to gains in the nonmanufacturing sector where the number of jobs rose to a record high 3.7 million, an adjusted increase of 0.4 percent. The service-producing subsector fueled much of the increase on the strength of strong performances in retail trade and services.

Manufacturing employment continued to decline as it has since February, falling a seasonally adjusted 0.7 percent to nearly 1.1 million, down 4.1 percent from last year. Much of the decline occurred in the nondurable goods industries where 5 thousand jobs were lost in August.

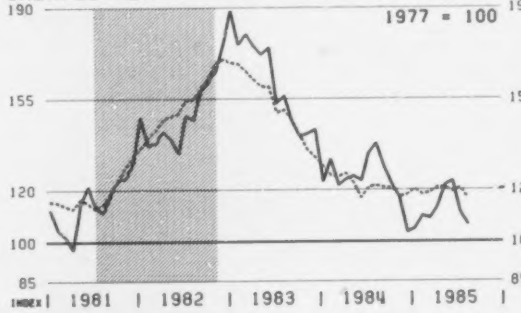
Nationally, nonagricultural employment jumped 0.3 percent on a seasonally adjusted basis. Nonmanufacturing employment rose an adjusted 0.3 percent due to relatively strong gains in the service-producing industries. Manufacturing's seasonally adjusted 0.2 percent employment advance was its first gain since last December.

Further indications of manufacturing's slump in Pennsylvania are found in the declines in total hours worked and the weekly payroll.

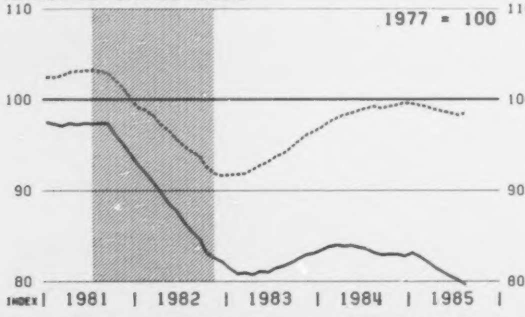
TOTAL EMPLOYMENT



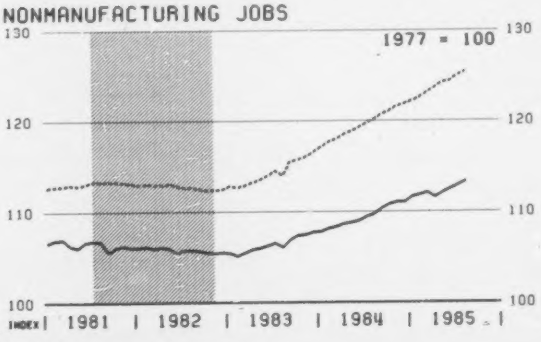
UNEMPLOYMENT



MANUFACTURING JOBS



NONMANUFACTURING JOBS

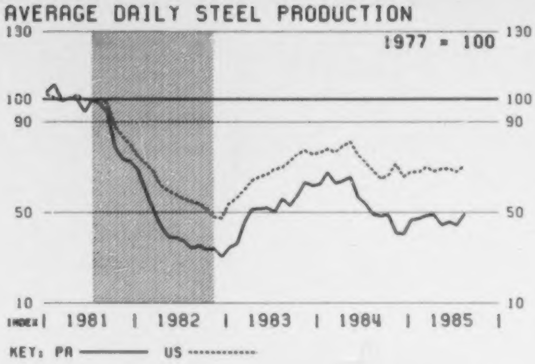


SHADED AREA REPRESENTS PERIOD OF NATIONAL RECESSION

KEY: PA ——— US ┈┈┈┈

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **October 1985**



Certainly, a good deal of manufacturing's difficulties is the result of the inability of the Federal government to reduce the budget deficit. When indications of these deficits first appeared it was thought that the resulting credit demands on the part of the Federal government would push up interest rates and "crowd-out" private borrowers, depressing investment by, among others, manufacturers. Instead, the deficits, by raising real rates of return on financial assets, have attracted capital from abroad. This has helped to satisfy private credit demands. In the process, the value of the dollar has been pushed up, resulting in a loss of market share, both here and abroad, for domestic manufacturers who are more subject to foreign competition than the nonmanufacturing sector.

Not all of the news in Pennsylvania's manufacturing establishments was negative, however. The average factory workweek rose from a seasonally adjusted 39.9 hours to 40 hours per week, matching last year's level. Output in Pennsylvania steel mills rose an adjusted 10.9 percent on an average daily basis and was slightly higher than last year. Nationally, output rose a seasonally adjusted 3.7 percent in August on an average daily basis. Pennsylvania's share of total domestic steel production in August rose to 13.4 percent from 13 percent in July. Electric power sales to industrial customers rose 0.7 percent on a seasonally adjusted basis but were 4.1 percent below year-ago sales.

Overall, the news on the construction front was also positive. The value of total construction contracts awarded was up a seasonally adjusted 24.5 percent to

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1985		1984	1985		1984	1985		1984
	July	*August*	*August*	*July*	*August*	*August*	*July*	*August*	*August*
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salaried jobs (thous.)[1]	4,730*	4 738	4,667	4,715	4,723	4,651	103.3*	103.5	101.9
Nonmanufacturing									
No. of wage and salaried jobs (thous.)	3,650*	3,655	3,537	3,639*	3,654	3,536	112.9*	113.4	109.7
Manufacturing									
No. of wage and salaried jobs (thous.)	1,077*	1,080	1,126	1,076*	1,069	1,115	86.1	79.7	83.1
Ave. wkly. hrs. worked by prod. workers	39.9*	39.8	39.9	39.9	40.0	40.0	101.1*	101.1	101.2
Total wkly. person-hours worked (mils.)	29.2*	29.3	31.0	29.3	29.2	30.9	76.4	76.1	80.6
Total wkly. payroll (mil. dols.)	279.7*	278.7	286.8	281.7*	279.6	287.3	125.4*	124.4	127.9
Steel production (thous. tons)	907	954	953	n.a.	n.a.	n.a.	44.5	49.4	49.2
Industrial electric power sales (mil. kwh)	3,469	3,534	3,683	3,483	3,506	3,657	94.3	94.9	99.0
Mining									
Anthracite coal (thous. net tons)	301	302	458	291	252	378	59.6	51.6	77.4
Bituminous coal (thous. net tons)	4,105	n.a.	5,866†	4,898	n.a.	7,157†	69.4	n.a.	101.5†
Construction contracts awarded (mil. dols.)									
Total	694.6	740.4	500.9*	592.4	737.3	444.3*	184.1	229.2	138.1*
Residential building	345.2	328.1	261.7*	291.1	253.1	195.5*	206.8	179.8	138.9*
Other building	208.5	309.5	134.7*	152.4	383.8	146.6*	140.5	353.8	135.1*
Nonbuilding (utilities and public works)	140.9	102.8	104.5*	148.9	100.4	102.2*	205.4	138.5	141.1*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,288	5,252	5,046	5,145	5,119	4,912	107.1	106.5	102.2
Unemployed									
No. of persons (thous.)	450	412	538	447	427	553	111.5	106.6	137.9
Rate (percentage of labor force)	7.8	7.3	9.6						
Rate, seasonally adjusted				7.8	7.5	9.9			
Civilian labor force, no. of persons (thous.)	5,738	5,664	5,584	5,592	5,546	5,465	107.4	106.5	105.0
Initial claims for unemployment benefits	137,398	94,431	104,100	124,152	114,718	121,757	86.7	80.1	85.0

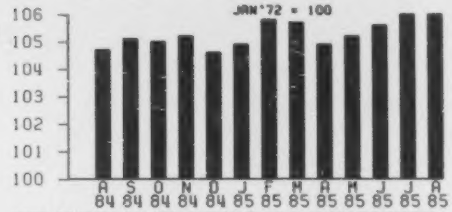
Consumer Prices, all items	Urban Indexes (1967 = 100)			Percentage Change	
	1985		1984	*Month*	*Year*
	July	*August*	*August*	*Ago*	*Ago*
U.S. city average	322.8	323.5	313.0	+0.2	+3.4
Philadelphia	315.5	315.8	302.9	+0.1	+4.3
Pittsburgh	n.a.	325.9	319.1	n.a.	+2.1
Northeast PA	306.6	n.a.	297.3†	n.a.	+3.1

NOTES: Data on employment, payrolls and hours have been revised to first quarter 1984 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for July 1984 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

$737.3 million in August. This increase was due to an adjusted increase of over 150 percent in the value of nonresidential building contracts. Residential and nonbuilding contract values fell at seasonally adjusted rates of 13.1 and 32.6 percent, respectively.

The Pennsylvania index of coincident indicators failed to pick up any apparent improvement in the economy during August, probably because it is heavily weighted towards the manufacturing sector. The index fell three-tenths of a point to 87 percent of its January 1972 average. Each of the three components of the index, manufacturing employment, real earnings by manufacturing production workers, and total employment, fell. The index of leading indicators remained at 116 percent of its January 1972 average for the second straight month. The improvements in two of the components, initial claims for unemployment insurance and the average manufacturing workweek, were offset by the decline in residential construction activity.

PENNSYLVANIA COMPOSITE INDEX OF LEADING INDICATORS



SOURCE: THE PENNSYLVANIA STATE UNIVERSITY COLLEGE OF BUSINESS ADMINISTRATION

— *William D. Anderson*

Average Pay Rises Slightly in 1984

In 1984, pay for workers covered by state and federal unemployment insurance programs averaged $17,931 in Pennsylvania, 4.5 percent higher than in 1983 and up 24.8 percent from 1980. The nation's average was $18,350, a 4.6 percent rise over 1983 and 27.7 percent higher than in 1980.

Pennsylvania's average was lower than in the other two states which comprise the Mid-Atlantic Region: New York ($20,754) and New Jersey ($19,889). The growth in pay from both 1983 and 1980 was also higher in the two states.

Pay in Pennsylvania's manufacturing sector was $22,138, up 5.4 percent from 1983. Nationally, manufacturing pay averaged $22,594 in 1984, a 5.3 percent advance over a year ago.

Manufacturing pay in New York and New Jersey, at $24,272 and $24,071, respectively, was approximately $2,000 greater than in Pennsylvania. New York's 5.1 percent increase in pay from 1983 trailed Pennsylvania's advance while New Jersey's 6.3 percent rise was higher.

As the economy becomes more service oriented a major issue concerns the disparity in pay between the manufacturing and service-producing industries. Average pay in four of the five private service-producing industries was $1,956 less than in manufacturing during 1984 in Pennsylvania. (Due to the abundance of part-time, relatively low-paying jobs in retail trade, it was not included in the average.) Pay in the private service-producing subsector, including retail trade, was up 4.1 percent from 1983. Between 1980 and 1984 the increase in service-producing pay was greater than manufacturing's rise in Pennsylvania. Nationally, pay in

Average Pay by Industry — Pennsylvania and the U.S. /1

	Pennsylvania			United States		
		Percentage Change			Percentage Change	
	1984 /2	*1983*	*1980*	1984 /2	*1983*	*1980*
TOTAL	$ 17,931	4.5	24.8	$ 18,350	4.6	27.7
Private /3						
Total	17.707	4.4	23.7	18,175	4.4	26.6
Manufacturing	22,138	5.4	25.5	22,594	5.3	29.6
Nonmanufacturing						
Mining	28,381	10.0	29.1	30,170	4.6	31.0
Construction	21,258	0.1	21.1	20,733	1.2	18.5
Service-Producing						
Transp., comm., and public utils.	24,289	2.1	25.6	24,687	2.7	26.7
Wholesale trade	21,894	5.2	25.1	22,736	5.7	26.3
Retail trade	9,468	3.9	[illegible]8.4	10,405	4.0	21.7
Fin., Ins., and Real Estate	19,007	4.6	33.7	20,731	5.9	38.9
Services	15,540	5.1	34.4	16,044	4.5	32.8
Government	19,274	5.2	31.2	19,229	5.9	33.2

SOURCE: Bureau of Labor Statistics, USDL 85-320, UADL 82-460.

1. Includes workers covered by Unemployment Insurance (UI) and Unemployment Compensation for Federal Employees (UCFE) programs.
2. Data are preliminary.
3. Includes data for industries in addition to those shown separately.

the four service-producing industries was $1,545 less than in manufacturing. The entire subsector's pay was 4.6 percent greater than in 1983.

In New York, where the subsector is dominated by relatively high-paying jobs in the wholesale trade and financial services industries, average pay in the four service-producing industries was $703 more than in manufacturing. Average pay in New Jersey's private service-producing subsector, excluding retail trade, was $1,776 less than in manufacturing.

— *William D. Anderson*

Announcements . . .

Reorganization

The College of Business Administration recently announced the restructuring of its research activities. What was formerly the Center for Research is now the Division of Research with responsibility for coordinating college programs to support and facilitate faculty research. In addition, what was formerly the Pennsylvania Economic Analysis Program is now the Center for Regional Business Analysis. This change reflects the expanding research and analysis activities of the Center. In addition to the Center for Regional Business Analysis, the programs of the Division include the Institute for the Study of Business Markets, the Issues Management Program, the Blankman Strategic Decision Making Program, and the Center for the Management of Technological Change.

Two new programs are being established within the Division, the Real Estate Studies Program and the Pension and Welfare Research Program.

Anderson Joins Center

The College of Business Administration is pleased to announce the appointment of Mr. William D. Anderson as Assistant Director and Research Associate in the Center for Regional Business Analysis. He will be involved in a wide range of regional economic research and will be responsible for the publication of the *Pennsylvania Business Survey* which is now in its 46th year at Penn State.

Mr. Anderson brings a strong background in economics to the Center and the *Survey*. A graduate of the University of Michigan with B.A. degrees in economics and political science, he also holds a Master's degree in economics from Wayne State University. Before coming to Penn State, he was an economic analyst with the Indiana Department of Commerce where he authored numerous articles and reports and supervised the publication, *Perspectives on the Indiana Economy*. Mr. Anderson also served as a part-time instructor in economics at Indiana University/Purdue University at Indianapolis.

Mr. Anderson succeeds Ms. Norma Gavin who recently accepted another position at Duke University.

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